Truck and Bus Tires From China

Investigation Nos. 701-TA-556 and 731-TA-1311 (Preliminary)

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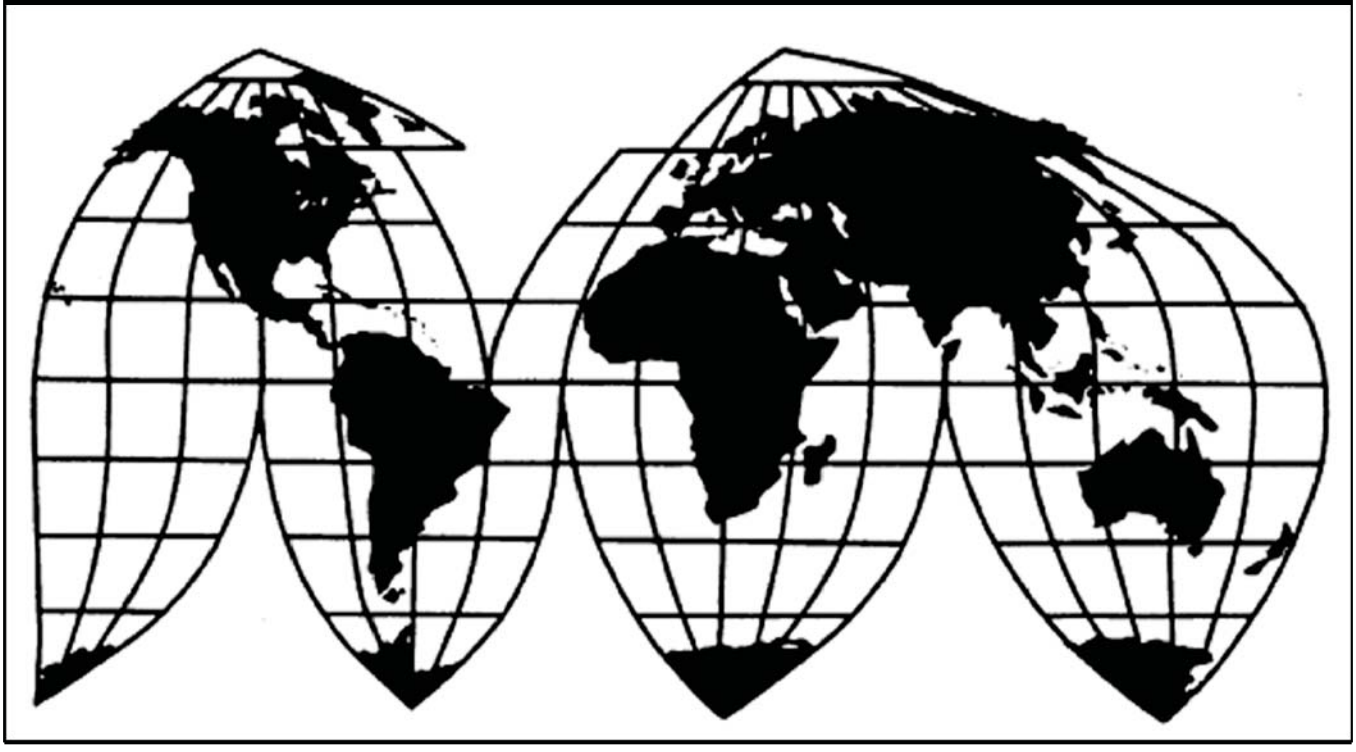

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-556 and 731-TA-1311 (Preliminary)

Truck and Bus Tires from China

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of truck and bus tires from China, provided for in statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV"), that are allegedly subsidized by the government of China.[2] [3] [4]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] Vice Chairman Dean A. Pinkert, and Commissioners Irving A. Williamson, and Rhonda K. Schmidtlein determine that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports.

[3] Commissioner David S. Johanson determines that there is a reasonable indication that the domestic industry is threatened with material injury by reason of subject imports.

[4] Chairman Meredith M. Broadbent and Commissioner F. Scott Kieff determine that there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of subject imports.

BACKGROUND

On January 29, 2016, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Pittsburgh, PA filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of truck and bus tires from China. Accordingly, effective January 29, 2016, the Commission, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-556 and antidumping duty investigation No. 731-TA-1311 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 4, 2016 (81 FR 6042). The conference was held in Washington, DC, on February 19, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain truck and bus tires from China that are allegedly sold in the United States at less than fair value ("LTFV") and that are allegedly subsidized by the government of China.[1]

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. Background

The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW" or "Petitioner"), which represents U.S. workers engaged in the production of truck and bus tires, filed petitions in these investigations on January 29, 2016.[4] USW participated in the staff conference and filed a postconference brief.

The sole respondent participating in these investigations is the Institute of International Container Lessors, Ltd. ("IICL" or "Respondent"), an entity consisting of purchasers and

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[1] Commissioner Johanson determines that there is a reasonable indication that a domestic industry is threatened with material injury by reason of allegedly LTFV and subsidized imports of bus and truck tires from China. *See* Separate Views of Commissioner David S. Johanson. He joins sections I-VI.B of these views. Chairman Broadbent and Commissioner Kieff determine that there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of allegedly LTFV and subsidized imports of bus and truck tires from China. *See* Separate and Dissenting Views of Chairman Meredith M. Broadbent and Commissioner F. Scott Kieff. They join sections I-VI.B of these views.

[2] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

[3] *American Lamb Co.*, 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Report ("CR") at I-1, Public Report ("PR") at I-1.

importers of subject merchandise. IICL participated in the staff conference and filed a postconference brief.[5]

U.S. industry data are based on the questionnaire responses of four producers, which accounted for virtually all known U.S. production of truck and bus tires in 2015.[6] U.S. import data are based on responses to Commission questionnaires and official Commerce import statistics.[7] Questionnaire responses were received from 29 U.S. importers, representing 71.0 percent of U.S. imports of truck and bus tires from China during 2015.[8] The Commission received responses to its questionnaires from 41 foreign producers and exporters of subject merchandise, accounting for 42 percent of production of truck and bus tires in China in 2015, and whose exports accounted for 89.5 percent of subject imports of truck and bus tires in 2015.[9]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[10] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[11] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[12]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[13] No single factor is

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[5] No foreign producers/exporters of subject merchandise participated in the staff conference or filed a postconference brief.

[6] The four U.S. producers are: Bridgestone Americas Tire Operations, LLC ("Bridgestone"), Continental Tire the Americas, LLC ("Continental"), The Goodyear Tire & Rubber Company ("Goodyear"), and Michelin North America, Inc. ("Michelin"). CR/PR at Table III-1.

[7] CR at I-5, PR at I-4.

[8] CR at I-5 & IV-1, PR at I-4 & IV-1.

[9] CR at I-5-6, PR at I-4. The coverage for Chinese production of truck and bus tires in 2015 is based upon estimates provided by 35 firms that provided the pertinent information in their responses to the Commission's questionnaires. CR at I-5-6, PR at I-4.

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(4)(A).

[12] 19 U.S.C. § 1677(10).

[13] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States,* 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of (Continued…)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[14] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[15] Although the Commission must accept the U.S. Department of Commerce's ("Commerce") determination as to the scope of the imported merchandise that is allegedly subsidized and/or sold at LTFV,[16] the Commission determines what domestic product is like the imported articles Commerce has identified.[17]

A. Scope Definition

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

> Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.
>
> Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:

(…Continued)
factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[14] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[15] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[16] *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[17] *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

> TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires;
> MH – Identifies tires for mobile homes; and
> HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.
>
> All tires with a "TR," "MH," or "HC" suffix in their size designations are covered by this investigation regardless of their intended use.
>
> In addition, all tires that lack one of the above suffix markings are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the "Truck-Bus" section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.
>
> Truck and bus tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the scope. Subject merchandise includes truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.
>
> Specifically excluded from the scope of this investigation are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; and (2) non-pneumatic tires, such as solid rubber tires.[18]

Truck and bus tires covered by the scope of these investigations are new pneumatic tires of rubber certified by the U.S. Department of Transportation ("DOT") for on-road or highway use.[19] They are used on a wide range of types and sizes of vehicles designed to transport heavy cargo and passengers on roads and highways.[20] They are designed to be mounted on heavier commercial vehicles compared to the lighter on-road tires found on passenger vehicles and commercial light trucks.[21] They also support the higher load-bearing

[18] *Truck and Bus Tires from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 81 Fed. Reg. 9428, 9431-32 (Feb. 25, 2016); *Truck and Bus Tires from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 81 Fed. Reg. 9434, 9439-40 (Feb. 25, 2016).

[19] CR at I-10, PR at I-8.

[20] CR at I-3, PR at I-3.

[21] CR at I-10, PR at I-8; *Compare Certain Passenger Vehicle and Light Truck Tires from China*, Inv. Nos. 701-TA-522 & 731-TA-1258 (Final), USITC Pub. 4545 at I-11-23 (Aug. 2015).

requirements of heavier commercial vehicle platforms, and are generally heavier, stronger, and larger.[22] Truck and bus tires are produced in a large variety of types and sizes found on a wide range of commercial vehicles, from local delivery and municipal service trucks and buses in urban/regional settings, for example, to the large 18-wheel tractor-trailer rigs and passenger buses found in long-haul higher-speed use on U.S. highways and interstate systems.[23]

B. Arguments of the Parties

Petitioner's Argument. Petitioner argues that the Commission should define a single domestic like product consisting of all truck and bus tires, which is coextensive with the scope of these investigations.[24] It argues that there are no clear dividing lines between different sizes or types of truck and bus tires. It contends that all truck and bus tires have the same physical characteristics because they are made from the same basic raw materials and have the same use for mounting on trucks and buses.[25] While acknowledging that different types of truck and bus tires have limited interchangeability, Petitioner argues that they share common channels of distribution, and manufacturing facilities, employees, and processes.[26] Petitioner contends that producers and customers perceive all truck and bus tires as similar products, and that there are no clear dividing lines based on price across the range of products.[27]

While it has briefed the issue, Petitioner takes no position on the issue of whether the domestic like product should be defined to include retreaded truck and bus tires, which are excluded from the scope definition.[28] According to Petitioner, the limited record on this issue in the preliminary phase of these investigations is mixed.[29]

Respondent's Argument. Respondent IICL maintains that the Commission should define bias ply tube tires of a particular dimension, 10 X 20 bias ply tube tires, as a separate domestic like product.[30] According to IICL, the Commission should define two domestic like products: (1) 10 X 20 bias ply tube tires; and (2) all other truck and bus tires.[31]

In arguing that 10 X 20 bias ply tube tires are a separate domestic like product, IICL claims that physical characteristics are distinct in terms of bias ply construction which possesses tubes and nylon cords, in contrast to other types of truck and bus tires including radial tires, which are tubeless and have steel cords.[32] It emphasizes that, unlike radial tires used mainly for long-distance driving by commercial trucks and buses on interstates and highways, 10 X 20 bias ply tube tires are used for an entirely different application, namely on intermodal marine

[22] CR at I-10-11, PR at I-8-9.
[23] CR at I-11, PR at I-9.
[24] Petitioner's Postconference Brief at 7-11.
[25] Petitioner's Postconference Brief at 8-9.
[26] Petitioner's Postconference Brief at 9-10.
[27] Petitioner's Postconference Brief at 10-11.
[28] Petitioner's Postconference Brief at 11-12 & Answers to Staff Questions, Exh. 5 at 1-7.
[29] Petitioner's Postconference Brief at 11-12 & Answers to Staff Questions, Exh. 5 at 1-7.
[30] IICL's Postconference Brief at 2-3, 13-18.
[31] IICL's Postconference Brief at 2-3, 13-18. IICL does not address retreaded tires.
[32] IICL's Postconference Brief at 13.

chassis, which generally operate in harsh and congested marine terminal environments and transport large, ocean vessel cargo containers short distances (*i.e.*, typically less than one mile) for off-loading (*i.e.*, railroad terminal, warehouse).[33] While it claims that 10 X 20 bias ply tube tires are not produced domestically, IICL maintains that such tires are produced in China using different production lines, machinery, and employees compared to other truck and bus tires.[34] Since they are tubed and mounted on two piece rims, IICL claims that there is no interchangeability between 10 X 20 bias ply tube tires and other truck and bus tires that are tubeless or radial and typically mounted on one-piece rims.[35] IICL claims that 10 X 20 bias ply tube tires have distinct channels of distribution insofar as they are sold by importers to IICL members, unlike radial truck and bus tires which are sold to wholesalers and distributors.[36] It asserts that 10 X 20 bias ply tube tires are perceived by both customers and producers to be distinct products compared to other truck and bus tires, including radial tires.[37] Finally, it contends that prices for 10 X 20 bias ply tube tires, based on average unit values ("AUVs"), are lower than prices for radial truck and bus tires.[38]

C. Analysis and Recommendation

The domestic like product arguments raised in the preliminary phase of these investigations involve two distinct issues: (1) whether there should be two domestic like products – 10 X 20 bias ply tube tires and all other truck and bus tires; and (2) whether the domestic like product definition should encompass articles outside the scope – specifically, retreaded truck and bus tires.

1. Whether the Commission Should Define 10 X 20 Bias Ply Tube Tires As A Separate Domestic Like Product

Physical Characteristics and Uses. All truck and bus tires, including bias ply tube tires, are produced largely from the same basic raw materials (*e.g.*, natural and synthetic rubber, carbon black, oils) and have the same general components (*e.g.*, inner liner, sidewall beads, body ply, apex, belt package, tread, and cushion gum).[39] Bias ply tube tires and radial tires have some distinct physical characteristics inasmuch as radial tires are tubeless and have steel cords while bias ply tube tires have tubes and nylon cords.[40] Nevertheless, 10 X 20 bias ply tube tires are made to the same specifications as other truck and bus tires, including radial tires (*e.g.*, 10R20 radial tires).[41]

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[33] IICL's Postconference Brief at 14.
[34] IICL's Postconference Brief at 14.
[35] IICL's Postconference Brief at 14.
[36] IICL's Postconference Brief at 14-15.
[37] IICL's Postconference Brief at 15-16
[38] IICL's Postconference Brief at 16-18.
[39] *See e.g.*, CR at I-22-23, PR at I-16-17; Petition at I-4.
[40] CR at I-15, PR at I-11; Conf. Tr. at 27-28 (Jackson).
[41] *See e.g.*, CR at I-15, PR at I-11; Petition at Exh. I-14.

All truck and bus tires have the same general use insofar as they are mounted on the wheels of trucks and buses. Under the applicable federal regulations, all truck and bus tires must be capable of supporting vehicles with a Gross Vehicle Weight Rating ("GVWR") of more than 10,000 pounds and are required to have a minimum tread depth in order to be driven on highways.[42] The fact that 10 X 20 bias ply tube tires are used predominantly on intermodal marine chassis does not distinguish such tires from other bus and truck tires within the scope. The record indicates that intermodal marine chassis sometimes use radial tires or 11 X 22.5 tubeless bias ply tires.[43]

Manufacturing Facilities, Production Processes and Employees. The production processes for all truck and bus tires share fundamental similarities, including compounding and mixing rubber, constructing tire components, curing (vulcanization), and finishing and inspection.[44] The record indicates that virtually all domestic producers manufacture only radial truck and bus tires and use the same production lines, equipment, and employees for the different types of truck and bus tires that they produce.[45] The record also indicates that the only known domestic producer of bias-ply tires, Specialty Tires of America ("STA"), produces many different types of bias ply tires described by the scope definition at its facilities, including 10 X 20 bias ply tube tires.[46]

Channels of Distribution. The record on this factor is limited. During the 2013-15 period of investigation ("POI"), a slight majority of domestically produced truck and bus tires were sold into the aftermarket channel, with the remaining sold to original equipment manufacturers ("OEMs").[47] STA indicates that it mostly sells the bias ply tires that it produces to the U.S. military for custom orders.[48]

Interchangeability. Truck and bus tires must be a specific size and able to carry the requisite load in order to function as part of a particular truck or bus.[49] As a result, tires meeting the specifications for a particular type of truck or bus frequently cannot be replaced by tires meeting the specifications for a different type of truck or bus. Bias ply tube tires, including 10 X 20 bias ply tube tires, are mounted on two-piece rims, which are used solely for tubed tires.[50] By contrast, radial and tubeless bias ply tires are mounted on larger one-piece rims.[51] Since they use different rims, 10 X 20 bias ply tube tires and radial tires cannot be mixed and

[42] CR at I-13, I-18, PR at I-9-10, I-14.

[43] IICL's Postconference Brief at 1 n.3.

[44] Petitioner's Postconference Brief at 10 & Exh. 6, Answer to Staff Question 16 at 3-7.

[45] Conf. Tr. at 20 (Vaughn).

[46] Email of Thomas Schultz, General Counsel, Specialty Tires of America (March 3, 2016) (EDIS Doc. 575770).

[47] CR/PR at Table II-1.

[48] Email of Thomas Schultz, General Counsel, Specialty Tires of America (March 3, 2016) (EDIS Doc. 575770).

[49] Petitioner's Postconference Brief at 9.

[50] Conf. Tr. at 20 (Vaughn); Conf. Tr. at 28-29 (Jackson).

[51] Conf. Tr. at 20 (Vaughn); Conf. Tr. at 28-29 (Jackson).

matched together to operate an intermodal marine chassis, which typically uses 10 X 20 bias ply tube tires.[52]

On the other hand, the record indicates that there is some degree of interchangeability for all truck and bus tires. Tires of the same size with the same features can be used interchangeably in the same applications.[53] Also, different tires can sometimes be used interchangeably for a particular application. For example, intermodal marine chassis sometimes use radial tires and 11 X 22.5 tubeless bias ply tires, although these other tires cannot be used simultaneously with 10 X 20 bias ply tube tires to operate the chassis.[54] STA also suggests that bias ply tube tires may have more than one particular application, including both intermodal marine chassis and trailers.[55] While manufacturers offer tires with different features to be used in different steer, drive, and trailer positions on large trucks with trailers, they also offer "all-position" tires for such vehicles.[56]

Producer and Customer Perceptions. The record on this factor is limited and mixed. Petitioner asserts that producers and customers perceive all truck and bus tires as similar products with the same basic physical properties and function, *i.e.*, to be mounted on trucks and buses.[57] Respondent IICL contends that producers and customers perceive 10 X 20 bias ply tube tires as a distinct product and made for one and only one particular use, *i.e.*, to be mounted on intermodal marine chassis.[58] STA, the only known domestic producer of bias ply tires, suggests that bias ply tires typically are made to order for a particular application by its military customers.[59]

Price. The limited information on this factor does not support a finding of a clear dividing line between different types of truck and bus tires. While truck and bus tires that are larger or have more features are generally more expensive, petitioner has provided advertising materials demonstrating that tires of the same type and size are available in a range of prices.[60] IICL has not provided support for its assertion that AUVs for 10 X 20 bias ply tube tires are substantially lower than AUVs for other truck and bus tires. STA, the only known domestic producer of bias ply tires, did not submit a questionnaire response and also has not provided any pricing information.

Conclusion. Based on the record in the preliminary phase of these investigations, we do not define 10 X 20 bias ply tube tires to be a separate domestic like product. The starting point for the Commission's analysis and definition of the domestic like product is the scope of imported merchandise Commerce has determined to be subject to investigation. In cases

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[52] Conf. Tr. at 20 (Vaughn); Conf. Tr. at 28-29 (Jackson).

[53] Conf. Tr. at 111 (Stewart).

[54] IICL's Postconference Brief at 1 n.3.

[55] Email of Thomas Schultz, General Counsel, Specialty Tires of America (March 3, 2016) (EDIS Doc. 575770).

[56] Petitioner's Postconference Brief at 9.

[57] Petitioner's Postconference Brief at 10-11.

[58] IICL's Postconference Brief at 15-16.

[59] Email of Thomas Schultz, General Counsel, Specialty Tires of America (March 3, 2016) (EDIS Doc. 575770).

[60] Petitioner's Postconference Brief at 10-11; Petitions, Volume I at I-6 and Exhibit I-10.

where domestically manufactured merchandise is made up of a grouping of similar products or involves niche products, the Commission does not consider each item of merchandise to be a separate like product that is only "like" its identical counterpart in the scope, but considers the grouping itself to constitute the domestic like product, and "disregards minor variations,"[61] absent a "clear dividing line" between particular products in the group.[62] A lack of interchangeability between all products is not inconsistent with a finding of a single domestic like product when the products are all part of a grouping or involve niche products.[63]

In our view, the record does not indicate that there is a clear dividing line between 10 X 20 bias ply tube tires and all other truck and bus tires that are also in the scope of these investigations. All truck and bus tires, including 10 X 20 bias ply tube tires, share the same physical characteristics insofar as they are produced from the same raw materials and have the same basic components and features. In terms of use, all truck and bus tires must be capable of supporting vehicles with a GVWR of more than 10,000 pounds and they are subject to Federal Motor Vehicle Safety regulations for such tires.[64] Although there appears to be limited interchangeability between 10 X 20 bias ply tube tires used for intermodal marine chassis and all other truck and bus tires, the record indicates that at least some intermodal marine chassis use other radial tires or 11 X 22.5 tubeless bias ply tires. The limited information on

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[61] *See* S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[62] *See, e.g.*, *Certain Corrosion-Resistant Steel Products from China, India, Italy*, *Korea, and Taiwan*, Inv. Nos. 701-TA-534-538 and 731-TA-1274-1278 (Preliminary), USITC Pub. 4547 (July 2015) at 9-11 (declining to define specialty CORE products as distinct domestic like products); C*arbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey*, Inv. Nos. 731-TA-1099-1101 (Preliminary), USITC Pub. 3832 (January 2006) at 10 ("a lack of interchangeability among products comprising a continuum is not unexpected and not inconsistent with finding a single like product."); *see also Cold-Rolled Steel Flat Products from Brazil, China, India, Japan, Korea, Netherlands, Russia, and the United Kingdom*, Inv. Nos. 701-TA-540-544 and 731-TA-1283-1290 (Preliminary), USITC Pub. 4564 (Sept. 2015) at 9-10 (black plate steel not separate domestic like product).

[63] *Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China*, Inv. Nos. 701-TA-469 and 731-TA-1168 (Final), USITC Pub. 4190 (November 2010) at 8, n. 45:

> We note that "*** lack of interchangeability between products at either end of a continuum is not inconsistent with a finding of a single domestic like product when the products are all part of a continuum." *Outboard Engines from Japan*, Inv. No. 731-TA-1069 (Preliminary), USITC Pub. 3673 (March 2004) at 8, n. 40; *see also Certain Off-the-Road Tires from China*, Inv. Nos. 701-TA-448 and 731-TA-1117 (Final), USITC Pub. 4031 (August 2008) at 9 ("This factor is, however, of limited use in assisting the Commission with making its finding because, in an industry in which there are literally thousands of products, each is designed for a specific use. As such the lack of interchangeability does not provide strong guidance as to whether a clear dividing line exists."); *Citric Acid and Certain Citrate Salts from Canada and China,* Inv. Nos. 701-TA-456 and 731-TA-1151-1152 (Preliminary), USITC Pub. 4008 (June 2008) at 11.

[64] *See e.g.*, Petitions, Volume I at Exhibit I-5.

manufacturing facilities and processes, producer and customer perceptions, and price does not support a finding of a clear dividing line between 10 X 20 bias ply tube tires and other types of in-scope truck and bus tires. Accordingly, we find that all bus and truck tires in the scope constitute a single domestic like product.

2. Whether the Commission Should Define the Domestic Like Product To Include Retreaded Truck and Bus Tires

We next discuss whether the domestic like product should be defined to include retreaded tires, a result no party has advocated. Because retreaded tires are excluded from the scope and the questionnaires did not seek information from independent retreaders, the pertinent information in the record derives largely from petitioner's postconference brief.

Physical Characteristics and Uses. New and retreaded truck and bus tires share many of the same physical characteristics. A retreaded tire is produced by buffing away the worn tread on a used tire, inspecting the casing and repairing it as needed, and bonding or curing a new tread onto the casing.[65] The casing portion of a retreaded tire is the same as the casing of a new tire, although it has been worn from use.[66] The tread portion of a retreaded tire is similar to the tread on a new tire.[67]

Although the uses of new and retreaded truck and bus tires are largely the same insofar as they are mounted on trucks and buses,[68] there are some differences in terms of their respective uses. For example, federal regulations prohibit using retreaded tires on the front wheel of a bus.[69] Also, the use of retreaded tires in the steer position of trucks is limited.[70]

Manufacturing Facilities, Production Processes and Employees. Retreaded tires use pre-existing tires as their main input, however, the retreading process is significant and involves different facilities, equipment, and employees than new tires.[71] While the production process for a new tire begins with rubber mixing and undergoes tire building and curing, the manufacturing process for retreaded tires is somewhat different.[72] For retreaded tires, the used tire is inspected and the old tread is buffed off the casing, which are additional steps that do not occur in new tire manufacturing.[73] For retreading, tread is added to used tires through one of two different production processes. Under a pre-cure system, tread that already has been vulcanized is bonded to the new tire with gum, and then the tire is cured to ensure that the tread adheres to the tire.[74] Under the mold cure system, unvulcanized tread is applied to

[65] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 1-2.
[66] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 1.
[67] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 1.
[68] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 2.
[69] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 2.
[70] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 2.
[71] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 3.
[72] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.
[73] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.
[74] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.

the tire and the tire is placed in a mold for curing.[75] The curing process for retreaded tires both adheres the tread to the casing and molds a tread design onto a tire, similar to the curing process for new tires.[76] New and retreaded tires are subject to tire identification and marking requirements, and they are both inspected, trimmed (if necessary), and painted before completion.[77]

Channels of Distribution. There is limited evidence in the record on this factor. New and treaded truck and bus tires both appear to compete for aftermarket sales, although only new truck and bus tires appear to be sold to OEMs.[78]

Interchangeability. The use of retreaded tires on the front wheels of buses is prohibited by federal regulations and retreaded tires are rarely used in the steer position on long-haul trucks.[79] Aside from these particular limitations, new and retreaded truck and bus tires may be used interchangeably.[80]

Producer and Customer Perceptions. The record is both limited and mixed on this factor. On the one hand, customers and producers perceive new truck and bus tires as a new product while they perceive retreaded truck and bus tires as a used product that has been remanufactured with new tread.[81] On the other hand, retreaded truck and bus tires are advertised to customers as being similar to and as safe as new tires.[82]

Price. Prices for retreaded truck and bus tires are generally lower than prices for new truck and bus tires.[83] Petitioner asserts that, in 2015, the average price for a new truck and bus tire in the United States was $355.55 while the average price for a retreaded truck and bus tire was approximately 35 percent lower at $232.43.[84]

Conclusion. The record in the preliminary phase of these investigations generally indicates that there are clear dividing lines between new and retreaded bus and truck tires. As discussed above, there are clear distinctions in manufacturing processes, facilities, and employees, and price. New and retreaded tires can be readily distinguished in the marketplace. There also are distinctions in terms of use and channels of distribution and somewhat limited interchangeability. On balance, and taking into account that no party has advocated including retreaded tires in the domestic like product, we do not include retreaded tires in the domestic like product for purposes of these preliminary determinations. We accordingly define a single domestic like product consisting of all bus and truck tires coextensive with the scope of these investigations.

[75] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.
[76] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.
[77] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.
[78] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 3.
[79] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 3.
[80] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 3.
[81] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4.
[82] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 4-5.
[83] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 5.
[84] Petitioner's Postconference Brief, Answers to Staff Questions, Exh. 5 at 5.

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[85] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[86] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[87]

In this case, three domestic producers – *** – are related parties. Neither petitioner nor respondent briefed the issue of related parties. Over the POI, *** producers imported *** subject merchandise from China or had an *** with a Chinese exporter of *** of subject merchandise, indicating that their principal interests lie in domestic production.[88] Accordingly, we find that appropriate circumstances do not exist to exclude any firms from the domestic industry. We therefore define the domestic industry as all domestic producers of truck and bus tires.

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[85] 19 U.S.C. § 1677(4)(A).

[86] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[87] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzou Trina Solar Energy Co. v.* USITC, Slip. Op. 15-84 at 27 (Ct. Int'l. Trade Aug. 7, 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[88] CR/PR at Tables III-2, III-9, and IV-1.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[89]

Available data indicate that subject imports from China exceed the requisite 3 percent statutory negligibility threshold. In the most recent 12-month period prior to the filing of the petition, subject imports from China accounted for 61.8 percent of total imports of truck and bus tires.[90] We consequently find that imports from China are not negligible.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[91] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[92] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[93] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[94] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[95]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[96] it does not define the phrase "by reason of," indicating that this aspect of the

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[89] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[90] CR at IV-10, PR at IV-6.

[91] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here.

[92] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[93] 19 U.S.C. § 1677(7)(A).

[94] 19 U.S.C. § 1677(7)(C)(iii).

[95] 19 U.S.C. § 1677(7)(C)(iii).

[96] 19 U.S.C. §§ 1671b(a), 1673b(a).

injury analysis is left to the Commission's reasonable exercise of its discretion.[97] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[98]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[99] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[100] Nor does

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[97] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[98] The Federal Circuit, in addressing the causation standard of the statute, has observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[99] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[100] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha*

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the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[101] It is clear that the existence of injury caused by other factors does not compel a negative determination.[102]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[103] [104] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[105]

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de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[101] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[102] *See Nippon*, 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[103] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[104] Vice Chairman Pinkert and Commissioner Kieff do not join this paragraph or the following three paragraphs. They point out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or rigid formulas. The Court has not prescribed a specific method of exposition for this consideration. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to

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The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[106] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[107] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[108]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial

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(…Continued)

> consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

[105] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[106] *Mittal Steel*, 542 F.3d at 875-79.

[107] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[108] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

evidence standard.[109] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[110]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

U.S. demand for truck and bus tires depends on the demand for domestically produced downstream products using truck and bus tires.[111] These include heavy and medium duty trucks and buses.[112] Truck and bus tires are used both on new vehicles in the OEM market and as replacement tires for vehicles in the aftermarket.[113] During the POI, sales of both the domestic like product and nonsubject imports were made predominantly in the aftermarket although each also had substantial sales to OEMs, while subject imports' sales were concentrated overwhelmingly in the aftermarket.[114]

Three of four U.S. producers reported an increase in U.S. demand for truck and bus tires since January 2013.[115] Responses by U.S. importers were mixed, but a majority reported that demand had either increased or fluctuated since January 2013.[116] Apparent U.S. consumption of truck and bus tires increased from 22.0 million tires in 2013 to 25.5 million tires in 2014 and then to 26.5 million tires in 2015.[117]

Most market participants reported that the market for truck and bus tires was subject to business cycles inasmuch as demand typically peaks in the second and third quarters of the

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[109] We provide below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[110] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[111] CR at II-6, PR at II-4.

[112] CR at II-6, PR at II-4.

[113] CR at II-1, II-6; PR at II-1, II-4.

[114] U.S. producers' commercial U.S. shipments were 38.5 percent to OEMs and 61.5 percent to the aftermarket in 2013, 40.3 percent to OEMs and 59.7 percent to the aftermarket in 2014, and 41.1 percent to OEMs and 58.9 percent to the aftermarket in 2015. CR/PR at Table II-1. U.S. importers' commercial U.S. shipments of subject imports were 3.5 percent to OEMs and 96.5 percent to the aftermarket in 2013, 3.4 percent to OEMs and 96.6 percent to the aftermarket in 2014, and 4.9 percent to OEMs and 95.1 percent to the aftermarket in 2015. *Id*. U.S. importers' commercial U.S. shipments of nonsubject imports were 26.7 percent to OEMs and 73.3 percent to the aftermarket in 2013, 30.5 percent to OEMs and 69.5 percent to the aftermarket in 2014, and 34.3 percent to OEMs and 65.7 percent to the aftermarket in 2015. *Id*.

[115] CR/PR at Table II-3.

[116] CR/PR at Table II-3.

[117] CR/PR at Table C-1.

year.[118] Petitioner asserts that demand for truck and bus tires has reached its cyclical peak and began to slow down in late 2015.[119]

2. Supply Conditions

The U.S. market for truck and bus tires is supplied by the domestic industry, subject imports, and nonsubject imports. The domestic industry had the largest share of the U.S. market during the POI, although its share steadily declined. The domestic industry's market share declined from *** percent in 2013 to *** percent in 2014 and *** percent in 2015, for an overall decline of *** percentage points.[120] In 2015, the four largest domestic producers of truck and bus tires were Bridgestone, which accounted for *** percent of domestic production, followed by Goodyear (*** percent), Continental (***), and Michelin (*** percent).[121] The domestic industry's reported capacity was below apparent U.S. consumption throughout the POI.[122]

During the POI, there were several important changes in the composition of the domestic industry. Two U.S. producers, ***, reported expansions in production capacity, but they also experienced production curtailments.[123] Another domestic producer, Goodyear, dissolved its joint venture with Japanese producer Sumitomo Rubber Industries on October 1, 2015 by selling its 75 percent ownership interest in Goodyear Dunlop Tires North America, Ltd. ("GDTNA") with production facilities located in Buffalo, New York.[124] Finally, another domestic producer, Yokohama, commenced production of truck and bus tires at its facility in West Point, Mississippi in late 2015 and its production for that year was very small.[125]

Subject imports were the second largest source of supply for the U.S market during the POI. Subject imports' share of apparent U.S. consumption increased from 28.5 percent in 2013 to 33.0 percent in 2014 and 33.6 percent in 2015, for an overall increase of 5.1 percentage points between 2013 and 2015.[126]

Nonsubject imports had a smaller presence in the U.S. market than both the domestic industry and subject imports throughout the POI. Nonsubject imports' share of apparent U.S.

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[118] CR at II-7, PR at II-5.

[119] *See e.g.*, Petitioner's Postconference Brief at 14-15 and Answer to Staff Question #2.

[120] CR/PR at Table IV-5.

[121] CR/PR at Table III-1.

[122] The domestic industry's reported capacity was 16.3 million tires in 2013, 16.4 million tires in 2014, and 15.8 million tires in 2015. CR/PR at Table III-4. Apparent U.S. consumption was 22.0 million tires in 2013, 25.5 million tires in 2014, and 26.5 million tires in 2015. CR/PR at Table IV-5.

[123] CR/PR at Table III-3; CR at III-3, PR at III-2.

[124] CR at III-5 n.8, PR at III-3 n.8. ***. CR at III-5 n.8, PR at III-3 n.8; *** U.S. Producer Questionnaire at Part I-2. Because Sumitomo did not provide a questionnaire response in the preliminary phase of these investigations, no domestic producer furnished the GDTNA data for the fourth quarter of 2015. Consequently, the data in the Commission's Staff Report concerning the domestic industry's production, capacity, and shipments in 2015 are understated.

[125] CR at III-3, PR at III-2.

[126] CR/PR at Table IV-5.

consumption increased from 17.9 percent in 2013 to 18.6 percent in 2014 and 20.8 percent in 2015.[127] Each of the four domestic producers is a multinational company that imports truck and bus tires from nonsubject sources.[128] The largest sources of nonsubject imports were Canada, Japan, and Thailand.[129]

3. Substitutability and Other Conditions

Truck and bus tires are subject to certain federal safety regulations administered principally by the U.S. Department of Transportation, National Highway Traffic Safety Administration, and the Federal Motor Carrier Safety Administration.[130] These regulations include the type of equipment on which the tire is used, the tire type and size, the speed and load carrying ply ratings, and sidewall marking standards.[131] Market participants reported that many domestically produced truck and bus tires and subject imports satisfy certification requirements of the U.S. Environmental Protection Agency ("EPA") through its EPA Smartway program designed to reduce transportation-related emissions.[132] Most market participants also reported that both the domestic like product and subject imports offer retreading warranties/guarantees.[133]

Truck and bus tires are produced in a large variety of models and sizes found on a wide range of commercial vehicles.[134] Truck and bus tires are offered at a range of price points depending on their size, end-use application, and particular features (*e.g.*, load range, warranties, environmental certifications, rolling resistance).[135] Parties assert that there are different "tiers" of truck and bus tires in the U.S. market based on perceived quality and brand recognition, and that higher tiers and/or recognized brands may command a price premium in the U.S. market.[136]

We find that there is a moderate to high degree of substitutability between domestically produced truck and bus tires and subject imports with similar features.[137] Three of four domestic producers reported that the domestic like product and the subject imports were *** interchangeable.[138] Although their responses were mixed, most importers (***) reported that the domestic like product and subject imports were always or frequently interchangeable.[139] In

[127] CR/PR at Table IV-5.
[128] CR/PR at Tables III-9 and VII-10.
[129] CR/PR at Table IV-3.
[130] CR at I-18, PR at I-14; Petitions, Volume I at Exhibit I-5.
[131] CR/PR at Table I-1; CR at I-18-20, PR at I-14-15.
[132] CR at II-8-9, PR at II-6.
[133] CR at II-9, PR at II-6.
[134] CR at I-10-11, PR at I-9.
[135] Conf. Tr. at 111 (Stewart).
[136] CR at II-9-11, PR at II-6-7. We intend to seek further information on this issue in any final phase of these investigations.
[137] CR at II-12, PR at II-7.
[138] CR/PR at Table II-4.
[139] CR/PR at Table II-4.

any final phase of these investigations, we will seek further information concerning the factors affecting substitutability between the domestic like product and subject imports.

The limited record in the preliminary phase of these investigations indicates that price is at least a moderately important factor in purchasing decisions for truck and bus tires.[140]

Although most market participants reported that there were no substitutes for truck and bus tires, some reported that retreaded truck and bus tires can be substituted to some extent for new truck and bus tires.[141] Petitioner has identified information indicating that firms involved in U.S. retreading operations for truck and bus tires are concerned about the adverse impact of subject imports from China on their retreading business.[142]

Raw materials used in the production of truck and bus tires include natural rubber, synthetic rubber, carbon black, oils, and steel.[143] The price of synthetic rubber declined by *** percent over the POI, and the price of natural rubber declined by *** percent.[144] [145]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[146]

The volume of subject imports increased by 41.9 percent from 2013 to 2015.[147] It increased from 6.3 million tires in 2013 to 8.4 million tires in 2014 and to 8.9 million tires in 2015.[148] Subject imports gained 5.1 percentage points of market share from 2013 to 2015.[149] As a share of apparent consumption, subject imports increased from 28.5 percent in 2013 to 33.0 percent in 2014 and to 33.6 percent in 2015.[150] Although both subject and nonsubject imports gained market share at the expense of the domestic industry, subject imports gained more market share than the 2.9 percentage points gained by nonsubject imports.[151] Subject imports also increased relative to U.S. production.[152]

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[140] The sole purchaser that responded to the Commission's request for information pertaining to lost sales and lost revenues indicated in its questionnaire response that the major factors in purchasing decisions for truck and bus tires were price, quality, and availability. CR at II-12, PR at II-8.

[141] CR at II-8, PR at II-5.

[142] Petitioner's Postconference Brief at 12.

[143] CR/PR at V-1.

[144] CR/PR at V-1 and Figure V-1.

[145] Chairman Broadbent and Commissioners Kieff do not join the remainder of these views. *See* Separate and Dissenting Views of Chairman Meredith M. Broadbent and Commissioner F. Scott Kieff.

[146] 19 U.S.C. § 1677(7)(C)(i).

[147] CR/PR at Tables IV-2, C-1.

[148] CR/PR at Tables IV-2, C-1.

[149] CR/PR at Tables IV-5, C-1.

[150] CR/PR at Tables IV-5, C-1.

[151] As a share of apparent consumption, nonsubject imports increased from 17.9 percent in 2013 to 18.6 percent in 2014 and to 20.8 percent in 2015.

[152] The ratio of subject imports to domestic production increased from 46.0 percent in 2013 to 58.0 percent in 2014 and 60.2 percent in 2015. CR/PR at Table IV-2.

In light of the foregoing, we find that the volume of subject imports is significant in both absolute terms and relative to domestic consumption and production.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[153]

As previously discussed, there is a moderate-to-high degree of substitutability between domestically produced truck and bus tires and truck and bus tires imported from China with similar features,[154] and price is at least a moderately important factor in purchasing decisions.[155]

Four domestic producers and 21 importers of subject merchandise provided usable pricing data for four products,[156] although not all firms reported pricing data for all products for all quarters.[157] The data show that subject imports undersold the domestic like product in 55 of 56 quarterly comparisons.[158] Virtually all of the subject imported tires for which prices were reported undersold domestic industry prices.[159] The data also indicate that the underselling margins of subject imports were high, ranging from 13.7 to 67.0 percent, and that these underselling margins increased steadily over the course of the POI.[160] This underselling enabled

[153] 19 U.S.C. § 1677(7)(C)(ii).

[154] CR at II-12, PR at II-7.

[155] CR at II-12, PR at II-8.

[156] CR at V-4, PR at V-3. The four pricing products are:

Product 1.--Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).

Product 2.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).

Product 3.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).

Product 4.-- Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).

CR at V-4, PR at V-3.

[157] CR at V-5, PR at V-3. Reported pricing data accounted for approximately *** percent of the value of U.S. producers' shipments and *** percent of U.S. shipments of subject imports from China in 2015. *Id.*

[158] CR/PR at Table V-8.

[159] CR/PR at Table V-8.

[160] CR/PR at Table V-8.

subject imports to gain market share at the expense of the domestic industry during the POI.[161] We find this underselling to be significant for purposes of our preliminary determinations.

We do not find that subject imports depressed U.S. producers' prices to a significant degree. The pricing data indicate that both prices for the domestic like product and subject imports declined over the POI.[162] From 2013 to 2015, declines in prices for the domestic like product of the four pricing products ranged from 10.9 percent to 13.5 percent for aftermarket sales and from 8.2 percent to 12.3 percent for OEM sales.[163] Subject import price declines for aftermarket sales ranged from 30.6 percent to 36.3 percent during the POI.[164] These price declines occurred at the same time as substantial declines in the prices for natural rubber and synthetic rubber, the raw materials used in the production of truck and bus tires.[165] The price of synthetic rubber declined by *** percent over the POI, and the price of natural rubber declined by *** percent.[166] Although it is possible that prices were affected by subject imports, we are unable to conclude at this stage of the investigations that the decline in prices for the domestic like product has been as a result of subject imports rather than other factors.[167] We will seek additional information in any final phase as to the factors that contributed to the price declines.

We also do not find that subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree. The domestic industry's unit costs declined over the POI, as did its ratio of COGS to net sales.[168] Thus, the domestic industry did not have an incentive to raise its prices due to increasing costs. Further, even

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[161] Subject imports' market share increased from 28.5 percent in 2013 to 33.6 percent in 2015 as U.S. producers' market share declined from 53.6 percent in 2013 to 45.6 percent in 2015. CR/PR at Table IV-5.

[162] CR/PR at Tables V-3 to V-7.

[163] CR at V-18, PR at V-5-6; CR/PR at Table V-7.

[164] Because subject imports were concentrated overwhelmingly in the aftermarket sector, the record in these preliminary phase investigations contains only limited information concerning subject import prices for OEM sales. For product 1, subject import prices for OEM sales were available for just four quarters and they decreased by *** percent from the third quarter of 2013 to the fourth quarter of 2015. For products 2 and 3, subject import prices for OEM sales were available for only 2 quarters; subject import prices for product 2 increased by *** percent and subject import prices for product 3 decreased by *** percent between the third and fourth quarters of 2015. CR at V-18 n.5, PR at V-5 n.5.

[165] CR at V-1; PR at V-1; CR/PR at Figure V-1.

[166] CR/PR at V-1 and Figure V-1.

[167] We note that domestic price declines in the aftermarket where it faced significant price competition from subject imports were consistently larger than the domestic price declines in OEM sales. CR/PR at Table V-7.

[168] The domestic industry's average unit COGS declined from $221 per short ton in 2013 to $209 per tire in 2014 and $188 per short ton in 2015. CR/PR at Table VI-1. As a ratio to net sales, the domestic industry's COGS declined from 70.1 percent in 2013 to 69.8 percent in 2014 and then to 67.2 percent in 2015. *Id*.

though apparent consumption increased, the record in these preliminary investigations does not show any unsuccessful attempts by the domestic industry to raise its prices.[169]

For purposes of these preliminary determinations, we find that there was significant underselling of the domestic like product by the subject imports, which had the effect of increasing the market share of the subject imports at the expense of the domestic industry.

E. Impact of the Subject Imports[170]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[171]

As discussed above, subject imports increased by 41.9 percent over the POI and captured market share at the expense of the domestic industry. As a share of apparent U.S. consumption, subject imports increased from 28.5 percent in 2013 to 33.0 percent in 2014 and then to 33.6 percent in 2015, for an increase of 5.1 percentage points.[172] By comparison, the domestic industry lost 8.0 percentage points of market share over the course of the POI as its market share decreased from 53.6 percent in 2013 to 48.4 percent in 2014 to 45.6 percent in 2015.[173]

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[169] In these preliminary phase investigations, the Commission requested information concerning the domestic industry's lost sales and lost revenues due to competition from subject imports during the POI. Only one domestic producer (*** provided lost sales and lost revenue allegations. CR at V-21, PR at V-7. Commission staff contacted *** purchasers regarding these lost sales and lost revenue allegations. The *** responding purchaser indicated that it had not purchased domestic product and that it purchased only subject and nonsubject merchandise. CR at V-21, PR at V-7; CR/PR at Table V-9. It also reported not shifting purchases from the domestic like product to subject imports during the POI. CR at V-21, PR at V-7.

[170] Commerce initiated the antidumping duty investigation based on estimated dumping margins of 19.91 to 22.57 percent for imports from China. *Truck and Bus Tires from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 81 Fed. Reg. 9434 (Feb. 25, 2016). Commerce initiated the countervailing duty investigation based on 32 alleged countervailable subsidy programs, some of which expressly pertain to exports. See *Truck and Bus Tires from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 81 Fed. Reg. 9428 (Feb. 25, 2016); *Enforcement and Compliance Office of AD/ CVD Operations CVD Investigation Initiation Checklist, Truck and Bus Tires from the People's Republic of China* (C-570-041) (Feb. 18, 2016).

[171] 19 U.S.C. § 1677(7)(C)(iii). This provision was recently amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[172] CR/PR at Tables IV-5, C-1.

[173] CR/PR at Tables IV-5, C-1. As stated previously, nonsubject imports gained 2.9 percentage points of market share during the POI.

Many other indicators of domestic industry performance held steady or even increased, but at a substantially lower rate than the expansion of the U.S. market for truck and bus tires.[174] While U.S. apparent consumption for truck and bus tires increased by 20.5 percent during the POI,[175] the domestic industry's production increased by 8.4 percent,[176] its U.S. shipments increased by 2.5 percent,[177] and its capacity declined by 2.9 percent.[178]

Further, a substantial portion of the domestic industry's increased production of truck and bus tires during the POI was not sold into the market but was instead put into inventories; as a result, the domestic industry stockpiled inventories. The industry's end-of-year inventories increased from 2.3 million tires in 2013 to 3.0 million tires in 2015, for an overall increase of 31.9 percent.[179] The domestic industry's inventories represented an increasing share of its production and shipments over the course of POI.[180] Had the increase in inventories instead been sold into the U.S. market in the place of subject imports, the market share of the domestic industry would have been 2.7 percentage points higher in 2015.

Parallel to the industry's production and shipments, employment-related data trends for the domestic industry between 2013 and 2015 lagged the growth in apparent consumption. The number of production and related workers ("PRW"), total hours worked, wages paid, hourly wages, and productivity were either flat or increased, while unit labor costs declined.[181]

The domestic industry's financial performance largely reflected a period of increasing apparent consumption and declining raw material costs. Although the domestic industry's unit

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[174] As discussed above, the domestic industry's production, capacity, and shipment data are understated because they do not reflect fourth quarter 2015 data for the former GDTNA joint venture between Goodyear and Sumitomo.

[175] Apparent U.S. consumption of truck and bus tires increased from 22.0 million tires in 2013 to 25.5 million tires in 2014 and 26.5 million tires in 2015. CR/PR at Table C-1.

[176] The domestic industry's production increased from 13.7 million tires in 2013 to 14.5 million tires in 2014 and 14.8 million tires in 2015. CR/PR at Table III-4.

[177] The domestic industry's U.S. shipments increased from 11.8 million tires in 2013 to 12.3 million tires in 2014 and then declined to 12.1 million tires in 2015. CR/PR at Table III-4.

[178] The domestic industry's capacity increased from 16.3 million tires in 2013 to 16.4 million tires in 2014, and then declined to 15.8 million tires in 2015. CR/PR at Table III-4.

[179] CR/PR at Table III-8.

[180] As a ratio to U.S. production, the domestic industry's end-of-year inventories declined from 16.7 percent in 2013 to 15.8 percent in 2014, and then increased to 20.3 percent in 2015. CR/PR at Table III-8. As a ratio to U.S. shipments, the domestic industry's end-of-period inventories declined from 19.6 percent in 2013 to 18.6 percent in 2014, and then increased to 24.8 percent in 2015. *Id*.

[181] The domestic industry's number of production related workers ("PRW") declined from 6,378 in 2013 to 6,328 in 2014 and then increased to 6,423 in 2015. Total hours worked, after declining from 14.0 million hours in 2013 to 13.9 million hours in 2014, increased to 14.0 million hours in 2015. Hours worked per PRW were relatively stable at 2,187 in 2013, 2,191 in 2014, and 2,187 in 2015. Hourly wages increased from $22.62 in 2013 to $23.93 in 2014 and $24.03 in 2015. Productivity increased from 978.6 tires per 1,000 hours in 2013 to 1,047.2 tires per 1,000 hours in 2014, and then to 1052.9 tires per 1,000 hours in 2015. Unit labor costs declined from $23.11 per 1,000 tires in 2013 to $22.85 per 1,000 tires in 2014 and to $22.83 per 1,000 tires in 2015. CR/PR at Table III-10.

net sales value and total net sales revenues declined,[182] its operating income and net income increased during the POI, and gross profits remained stable.[183] The industry's operating income as a share of net sales also increased.[184] The industry's capital expenditures increased from 2013 to 2015, while its research and development expenses declined.[185]

For purposes of these preliminary determinations, we find that subject imports had a significant impact on the domestic industry. As a result of lost market share caused by significant and increasing volumes of low-priced subject imports, the domestic industry, which had the ability to increase its production and shipments,[186] was unable to increase its shipments commensurate with growing demand, and therefore lost revenues that it would otherwise have obtained. We accordingly find that the significant volume of cumulated subject imports, which gained market share at the expense of the domestic industry through significant underselling, had a significant impact on the domestic industry.[187]

In our analysis of the impact of subject imports on the domestic industry, we have taken into account whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from other factors

[182] The domestic industry's total net sales were $4.3 billion in 2013 and 2014, and then declined to $3.9 billion in 2015. CR/PR at Table VI-1. Its average unit net sales value declined from $315 per short ton in 2013 to $298 per short ton in 2014 and to $279 per short ton in 2015. *Id*.

[183] Gross profits were $1.3 billion in 2013, 2014, and 2015. Operating income increased from $785.2 million in 2013 to $792.6 million in 2014 and $809.0 million in 2015. Net income increased from $705.1 million in 2013 to $714.8 million in 2014 and $716.3 million in 2015. CR/PR at Table VI-1.

[184] The domestic industry's operating income as a share of net sales increased from 18.4 percent in 2013 to 18.6 percent in 2014 and 20.7 percent in 2015. CR/PR at Table VI-1.

[185] The domestic industry's capital expenditures increased from $137.9 million in 2013 to $218.1 million in 2014, and then declined to $157.9 million in 2015. CR/PR at Table VI-6a. The industry's research and development expenses increased from $45.8 million in 2013 to $46.6 million in 2014 and then declined to $42.9 million in 2015. *Id.*

[186] The record in these preliminary phase investigations indicates that the domestic industry reported unused capacity throughout the POI, notwithstanding the fact that its reported capacity utilization increased from 83.8 percent in 2013 to 88.4 percent in 2014 and 93.5 percent in 2015. CR/PR at Table III-4. Witnesses testifying on behalf of Petitioner at the conference also indicated that the domestic industry had additional available capacity to increase its production and shipments of truck and bus tires during the POI. *See e.g.*, Conf. Tr. at 93-94 (Johnson), 99-101 (O'Shei), 103-105 (Wright), and 108-110 (Juarez). *See also* Declaration of Jon Wright, Petitioner's Postconference Brief at Exhibit 1. Moreover, the domestic industry's increase in inventories to absolute and relative period highs from 2014 to 2015 indicates that the domestic industry had the ability to increase commercial U.S. shipments in 2015, a year in which they declined. *See* CR/PR at Tables III-6 and III-8.

[187] USW representatives testified at length at the conference on production curtailments and delays in capital investment that they attributed to competition from subject imports. *See* Conf. Tr. at 89-94, 97-110; *see also* Affidavit of Jon Wright. In any final investigations, we intend to specifically ask domestic producers whether and to what extent subject import competition affected their business decisions relating to production curtailments, and proposed or planned investment related to increasing or improving production.

to the subject imports.[188] While nonsubject imports increased their presence in the U.S. market during the POI, subject imports had a larger presence than nonsubject imports throughout the period and captured more market share from the domestic industry than did nonsubject imports.[189] Subject imports generally undersold nonsubject imports (from Canada).[190] Therefore, based upon the current record, nonsubject imports cannot explain the magnitude of the domestic industry's market share losses during the POI. We intend in any final phase of these investigations to obtain additional information about the role of nonsubject imports in the U.S. market, including those imported by the domestic industry.

For the foregoing reasons, the record of the preliminary phase of these investigations supports a determination that there is a reasonable indication of material injury by reason of subject imports.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of truck and bus tires from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

[188] For purposes of the considerations required by *Bratsk/Mittal*, Vice Chairman Pinkert finds that truck and bus tires are not a commodity product. Truck and bus tires have a number of end uses, come in many types and sizes, and are either of bias ply or radial construction. *See* CR at I-10-11; PR at I-8-9.

[189] As a share of apparent consumption, nonsubject imports increased from 17.9 percent in 2013 to 18.6 percent in 2014 and 20.8 percent in 2015. CR/PR at Tables IV-5, C-1.

[190] CR/PR at App. D.

SEPARATE VIEWS OF COMMISSIONER DAVID S. JOHANSON

I write separately because I find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of subject imports of certain truck and bus tires from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China. I join sections I–VI.B of the majority's views (Legal Standards for Preliminary Determinations, Background, Domestic Like Product, Domestic Industry, Negligible Imports, Legal Standard, and Conditions of Competition and the Business Cycle).

I. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY

A. Legal Standard

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[1] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[2] In making its determination, the Commission considers all statutory threat factors that are relevant.[3]

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[1] 19 U.S.C. § 1677(7)(F)(ii).

[2] 19 U.S.C. § 1677(7)(F)(ii).

[3] These factors are as follows:

. . .

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports or the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

…

B. Likely Volume of Subject Imports[4]

The trends in subject import volume over the period examined inform my analysis of the likely volume of subject imports. The volume of subject imports from China increased by 41.9 percent from 2013 to 2015.[5] It increased from 6.3 million tires in 2013 to 8.4 million tires in

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(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize my analysis, I discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory factor (VII) concerning agricultural products is inapplicable to these investigations.

[4] The alleged subsidy programs are: (1) Government Policy Lending, (2) Preferential Loans to State-Owned Enterprises, (3) Discounted Loans for Export-Oriented Enterprises, (4) Export Seller's Credits from State-Owned Banks, (5) Export Buyer's Credits from State-Owned Banks, (6) Export Credit Insurance Subsidies, (7) Export Credit Guarantees, (8) Provision of Carbon Black for Less Than Adequate Remuneration, (9) Provision of Nylon Cord for Less Than Adequate Remuneration, (10) Provision of Synthetic Rubber and Butadiene for Less Than Adequate Remuneration, (11) Provision of Natural Rubber for Less Than Adequate Remuneration, (12) Provision of Land-Use Rights to Truck and Bus Tire Producers for Less Than Adequate Remuneration, (13) Provision of Land-Use Rights for State Owned Enterprises for Less Than Adequate Remuneration, (14) Provision of Land-Use Rights for Foreign Invested Enterprises for Less Than Adequate Remuneration, (15) Provision of Land-Use Rights in Industrial and Other Special Economic Zones for Less Than Adequate Remuneration, (16) Provision of Electricity for Less Than Adequate Remuneration, (17) Income Tax Reductions for High-and New-Technology Enterprises, (18) Enterprise Income Tax Law, Research and Development Program, (19) Income Tax Reduction for Advanced-Technology Foreign Invested Enterprises, (20) Income Tax Credits on Purchases of Domestically-Produced Equipment by Foreign Invested Enterprises, (21) Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment, (22) Import Duty Exemptions for Imported Equipment, (23) Value-Added Tax Exemptions for Imported Equipment, (24) Value-Added Tax Refunds for Foreign Invested Enterprises on Purchases of Chinese Made Equipment, (25) Value-Added Tax Exemptions and Deductions for Central Regions, (26) State Key Technology Renovation Project Fund Program, (27) Famous Brands Program, Special Fund for Energy-Saving Technology Reform, (28) The Clean Production Technology Fund, (29) Export Loan Interest Subsidies, (30) Export Interest Subsidy Funds for Enterprises Located in the Guangdong and Zhejiang Province, (31) Funds for Outward Expansion of Industries in Guangdong Province, and (32) Direct Government Grants Indicated in the Financial Statements of Truck and Bus Producers. See Truck and Bus Tires from the People's Republic of China: Initiation of Countervailing Duty Investigation, 81 Fed. Reg. 9428 (Feb. 25, 2016); Enforcement and Compliance Office of AD/ CVD Operations CVD Investigation Initiation Checklist, Truck and Bus Tires from the People's Republic of China (C-570-041) (Feb. 18, 2016).

[5] CR/PR at Tables IV-2, C-1.

2014 and to 8.9 million tires in 2015.[6] Subject imports gained 5.1 percentage points of market share from 2013 to 2015.[7] As a share of apparent consumption, subject imports increased from 28.5 percent in 2013 to 33.0 percent in 2014 and to 33.6 percent in 2015.[8] Subject imports also increased relative to U.S. production.[9]

Usable responses to the Commission's foreign producer questionnaires accounted for 89.5 percent of U.S. imports of truck and bus tires from China during 2015 , accounting for about 42 percent of overall production of subject merchandise in China.[10] Among responding Chinese producers, production increased by 2.8 percent between 2013 and 2015 but production capacity increased by even more (by 8.3 percent), meaning that Chinese capacity utilization declined from 87.9 percent in 2013 to 83.5 percent in 2015.[11] Excess capacity in 2015, just among the responding Chinese producers, was 16,202,000 tires, equivalent to 61.1 percent of the U.S. consumption.[12] Further, while most production of the responding Chinese producers was directed to the Chinese home market, the share that was exported increased over the period examined, rising steadily from 36.2 percent in 2013 to 43.5 percent in 2015.[13] Petitioner attributes increasing exports to a "sharp decline in truck demand in China as the economy and investment slow."[14] China is by far the world's largest exporter of truck and bus tires,[15] the U.S. market is the largest export destination for Chinese producers,[16] and a steadily increasing share of the production of responding Chinese producers was exported here.[17] Petitioner presented evidence that "at least a dozen Chinese truck and bus tire producers have obtained new DOT plant codes since the beginning of 2013," which they claim is an indicator of increased capacity in China and likely increased exports from China to the U.S. market.[18]

U.S. importers' inventories of Chinese tires have increased both absolutely (by almost double) and as a share of shipments of imports: from 11.5 percent in 2013 to 15.7 percent in 2015 (an increase of 4.2 percentage points).[19] Inventories held by Chinese producers in China

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[6] CR/PR at Tables IV-2, C-1.

[7] CR/PR at Tables IV-5, C-1.

[8] CR/PR at Tables IV-5, C-1.

[9] The ratio of subject imports to domestic production increased from 46.0 percent in 2013 to 58.0 percent in 2014 and 60.2 percent in 2015. CR/PR at Table IV-2.

[10] CR at I-5 to I-6; PR at I-?. Counsel for petitioner termed this a "moderate" level of coverage. Conf. Tr. at 129 (Stewart).

[11] CR/PR at Table VII-3.

[12] CR/PR at Table VII-3.

[13] CR/PR at Table VII-3.

[14] Petitioner's post-conference brief at 41. Petitioner presents a source that estimates total excess capacity in China of 60 million tires, which would be more than double U.S. consumption. Petitioner's post-conference brief at Response to Staff Question #1, Exhibit 3.

[15] CR/PR at Table VII-9.

[16] CR/PR at Table VII-5.

[17] CR/PR at Table VII-3 (the share of reported Chinese production sent to the U.S. market increased from 7.2 percent in 2013 to 9.6 percent in 2015).

[18] Petitioner's post-conference brief at 44; Conf. Tr. at 124 & 183–84 (Drake).

[19] CR/PR at Table VII-6.

also increased over the period both absolutely (by 28.0 percent) and as a share of total Chinese shipments (from 9.9 percent in 2013 to 12.3 percent in 2015).[20]

Additionally, import relief measures were imposed in Colombia (mid-2013), Egypt (Feb. 2014), India (Aug. 2015), and the Eurasian Economic Commission (Belarus, Kazakhstan, and Russia) (Nov. 2015).[21] Of particular importance are the trade remedies in Russia and India, both of which are among China's top eight export markets (in 2013, Russia was China's second largest market).[22] These recent trade actions by third-country destinations will likely lead to increased pressure on Chinese producers to send increased volumes of exports to the U.S. market.[23]

Petitioner argues that because of the United States' imposition of trade relief on passenger vehicle and light truck ("PVLT") tires from China in 2015, the Chinese producers have an extra incentive to produce truck and bus tires for export to the U.S. market.[24] Ten of the responding Chinese producers reported having also produced PVLT tires and among those ten, the share of production devoted to truck and bus tires steadily increased, while the share devoted to PVLT tires steadily decreased, lending support to petitioner's contention.[25]

Finally, it is noteworthy that while the vast majority of subject imports were destined for the replacement market segment, there was also increased penetration by subject imports into the OEM market segment late in the period examined, albeit at a low level.[26] To the extent that the OEM market segment had been dominated by the domestic industry and insulated from competition by subject imports, these increased subject import shipments to OEMs late in the period represent another threat of increased subject import volumes in the imminent future. The fuller record to be assembled by the Commission in any final phase of these investigations will improve the ability to analyze this late-breaking trend.

Based on all of these considerations, I find that the volume of subject imports, which was significant during the period examined, is likely to increase substantially in the imminent future.

C. Likely Price Effects

Subject imports almost uniformly undersold the domestic industry's prices.[27] Of particular importance for my threat determination are the large and steadily increasing margins

[20] CR/PR at Table VII-3.

[21] CR/PR at Table VII-8.

[22] CR/PR at Table VII-5.

[23] Petitioner's post-conference brief at 43.

[24] Conf. Tr. at 121-22 (Drake); Petitioner's post-conference brief at 43-44. Petitioner also notes that there have been trade remedy orders against off-the-road tires from China in place since 2008. Conf. Tr. at 121-22 (Drake).

[25] CR at VII-8; PR at VII-5; CR/PR at Table VII-4.

[26] CR/PR at Tables V-3 to V-5; *see also* CR/PR at Table II-1. The increasing acceptance of Chinese tires by OEMs was corroborated by counsel for petitioner at the staff conference. Conf. Tr. at 158 (Drake).

[27] CR/PR at Table V-8.

of underselling observed in every pricing product.[28] Continued increasing margins of underselling would likely lead to increasing downward pressure on U.S. prices. Combined with a forecasted stabilization (or perhaps even an increase) in raw material costs,[29] this could result in a cost-price squeeze and an erosion in profitability for the domestic industry in the imminent future, as U.S. prices fall faster than raw material costs.

D. Likely Impact

Several of petitioner's witnesses at the staff conference made reference to reductions in the level of production of the domestic like product at U.S. tire plants in the first two months of 2016.[30] One of the petitioner's witnesses at the staff conference made direct reference to increased inventories at Bridgestone leading to reduced production late in the period examined.[31] The record assembled in any final phase investigations should provide the Commission with a better indication of any impact of these developing trends on the domestic industry's production activity.

Several of petitioner's witnesses at the staff conference also stated that they had observed the postponement of needed capital investments at their facilities due to the increased presence of subject imports in the U.S. market.[32] The record data show that after *** capital expenditures in 2014, *** of the four domestic producers *** capital expenditures in 2015, although total capital expenditures remained higher than they were in 2013.[33] R&D expenses of the domestic industry, while relatively steady, were lower in 2015 than in any other year of the period examined.[34] *** domestic producers, ***, noted some negative effects on growth and development due to increased subject imports.[35] *** comments were more substantial and connected negative impacts directly to "***."[36]

I find that, based on these data, the domestic industry is unlikely to perform as well in the near term as it did during the period examined. Nonetheless, given the domestic industry's

[28] CR/PR at Tables V-3 to V-6. Using simple arithmetic averages, the average margin of underselling in the aftermarket for pricing product 1 increased steadily from *** percent in 2013 to *** percent in 2015; for pricing product 2 from *** percent in 2013 to *** percent in 2015; for pricing product 3 from *** percent in 2013 to *** percent in 2015; and for pricing product 4 from *** percent in 2013 to *** percent in 2015.

[29] Petitioner's post-conference brief at 19–20; Conf. Tr. at 125–27 (Button).

[30] Conf. Tr. at 97 (O'Shei); at 103 (Wright); at 107 (Juarez); *see also* Conf. Tr. at 121 & 124 (Drake); at 132 (Stewart). Petitioner's post-conference brief at 46.

[31] Conf. Tr. at 103 (Wright); at 132 (Stewart).

[32] Conf. Tr. at 98 & 100–01 (O'Shei); at 104 (Wright); at 109 (Juarez); *see also* Conf. Tr. at 120 & 128 (Drake); at 181 (Stewart). Petitioner's post-conference brief at 47.

[33] CR/PR at Table VI-6a. In any final phase of these investigations, if *** is considered to be part of the domestic industry, the data on capital expenditures in 2015 may be revised ***. CR at VI-16 n.21; PR at VI-8 n.21.

[34] CR/PR at Table VI-6a.

[35] CR/PR at Table VI-8.

[36] CR/PR at Table VI-10.

performance throughout the period, I do not find that the domestic industry is currently in a vulnerable state.

I find that the domestic industry is threatened with imminent material injury by reason of subject imports. The record of these preliminary phase investigations indicates that subject import volume increased significantly in both absolute terms and relative to apparent U.S. consumption and domestic production, capturing 5.1 percentage points of market share from the domestic industry. Subject import underselling was pervasive and the large and steadily increasing margins of underselling, combined with a forecasted stabilization (or even an increase) in raw material costs, could result in price depression and a cost-price squeeze in the imminent future. Although I do not find the domestic industry vulnerable to material injury, I do find that the likely increase in subject import volume, combined with the likely adverse price effects, will likely result in a worsening of the domestic industry's condition and material injury in the imminent future.

I have considered the extent to which any threat of material injury to the domestic industry is attributable to other factors that will likely have an imminent impact on the domestic industry. While nonsubject imports did gain market share steadily over the period examined, they gained less U.S. market share over the period and accounted for a smaller share of U.S. market share than did subject imports in each year of the period.[37] In 31 of 37 quarterly comparisons between the prices of imports from China and Canada, the prices of imports from Canada were higher than those from China.[38] The prices of imports from Canada were even higher than U.S.-produced tires in nearly half of the quarterly comparisons.[39]

Consequently, I conclude for the purposes of the preliminary phase of these investigations that the record demonstrates a likely causal nexus between subject imports and the threat of material injury to the domestic industry.

II. CONCLUSION

For the foregoing reasons, and based on the record in the preliminary phase of these investigations, I conclude that there is a reasonable indication that a domestic industry is threatened with material injury by reason of subject imports of certain truck and bus tires from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

[37] CR/PR at Table C-1. While subject imports gained 5.1 percentage points of U.S. market share, nonsubject imports gained only 3.0 percentage points of market share. The U.S. market share of subject imports was at least 10.6 percentage points higher than the market share held by nonsubject imports. *Id*.

[38] CR/PR at D-3. To the extent that the comparison is relevant, the AUVs of nonsubject imports were significantly higher than the AUVs of imports from China in each year of the period examined (no less than $106 higher). CR/PR at Table C-1.

[39] CR/PR at D-3.

TRUCK AND BUS TIRES FROM CHINA
INV. NOS. 701-TA-556 AND 731-TA-1311 (PRELIMINARY)
MARCH 2016

DISSENTING VIEWS OF CHAIRMAN MEREDITH M. BROADBENT AND COMMISSIONER F. SCOTT KIEFF

Based on the record in the preliminary phase of these investigations, we find that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of certain truck and bus tires from China that are allegedly sold in the United States at less than fair value ("LTFV") and that are allegedly subsidized by the government of China. We join with and adopt as our own sections I-VI.B of the majority views.

Our separate determination that there is no reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of subject imports rests primarily upon the clear and convincing evidence in the record as a whole that supports findings of: (1) the lack of significant price-depressing or suppressing effects; (2) the high and increasing profitability of the domestic industry throughout the period of investigation ("POI"); (3) the inability of the domestic industry to increase shipments in line with increased demand due to its capacity constraints; and (4) the unlikelihood that future high volumes of subject imports will injure the domestic industry.

I. The legal standard for preliminary determinations

In preliminary phase investigations, we are required to determine whether there is a "reasonable indication" of material injury or a threat of material injury by reason of the subject imports.[1] In American Lamb Co. v. United States,[2] the Federal Circuit held that the "reasonable indication" standard does not mean that the Commission is to determine only whether there is a "possibility" of material injury.[3] Instead, the Federal Circuit stated that the Commission may appropriately weigh the record evidence in a preliminary determination in order to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[4] Indeed, the Federal Circuit has stated that "{t}he statute calls for

[1] 19 U.S.C. §§1671b(a)(l) & 1673b(a)(l).

[2] 785 F.2d 994 (Fed. Cir. 1986).

[3] 785 F.2d at 1004.

[4] 785 F.2d at 1001. The Court of International Trade has stated that, when the Commission considers the likelihood that contrary evidence will arise in a final investigation, it "must analyze the 'best information available' contained in the record at the time of its determination and judge the likelihood that evidence contrary to that already gathered will arise in a final determination that would support an affirmative determination." Calabrian Coro. v. U.S. Int'l Trade Comm'n, 794 F. Supp. 377, 386 (Ct. In'tl Trade 1992).

a reasonable indication of injury, not a reasonable indication of need for further inquiry."[5] In addition, the Federal Circuit has stated that Congress intended the Commission to use preliminary determinations to avoid the cost and disruptions to trade caused by unnecessary investigations.[6]

II. No reasonable indication of material injury

A. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[7]

Subject import volume rose by 41.9 percent between 2013 and 2015, rising from 6.3 million tires in 2013 to 8.9 million tires in 2015.[8] Subject imports also gained market share over the POI, rising from 28.5 percent in 2013 to 33.6 percent in 2015.[9] As a ratio to U.S. production, subject imports increased from 46.0 percent to 60.2 percent over the same period.[10]

In view of the foregoing, we find the volume and increase in volume of subject imports to be significant in absolute terms and relative to consumption and production. However, for the reasons discussed elsewhere in this opinion, we do not find that the subject imports had significant price effects or a significant impact on the domestic industry.

B. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[11]

As addressed in section VI.B.3 of the majority views, the record indicates that there is a moderate to high degree of substitutability between domestically produced truck and bus tires and subject imports with similar features, and that price is at least a moderately important factor in purchasing decisions for this market.

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[5] Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).
[6] 785 F.2d 994 (Fed. Cir. 1986).
[7] 19 U.S.C. § 1677(7)(C)(i).
[8] CR/PR at Table IV-2.
[9] CR/PR at Table IV-5.
[10] CR/PR at Table IV-2.
[11] 19 U.S.C. § 1677(7)(C)(ii).

Several product characteristics contribute to differences in prices between similar tires that otherwise meet the same physical specifications and are generally interchangeable. In particular, brand influences the price consumers are willing to pay for truck and bus tires, as customers recognize specific brand names and associate them with quality.[12] The large majority of responding U.S. producers and importers noted that the market is divided into two to four brand tiers, with tires in the higher tiers being sold at higher prices reflecting better marketing and technical support, brand recognition, and higher product performance.[13] In addition, a majority of U.S. producers and importers reported that tires sold under private labels were only somewhat competitive with their name-brand counterparts, with most firms citing the lower price of private-label tires as the reason for why these tires were able to be competitive with branded tires.[14] Truck and bus tires sold with retreading warranties or guaranties are sold at higher prices than those without such offerings,[15] and tires that are EPA Smartway certified are similarly priced higher than noncertified counterparts.[16]

U.S. producers reported selling greater proportions of tires into higher priced segments of the market than U.S. importers.[17] Therefore, although the evidence on this preliminary record indicates a moderate to high degree of substitutability between subject imports and the

[12] CR at II-11, PR at II-7.

[13] CR at II-10-11, PR at II-6-7. The *** importer, ***, reported that "tier 2" truck and bus tires are generally sold at prices that are approximately 80 percent of "tier 1" prices, and that "tier 3" truck and bus tires are sold at 55-75 percent of tier 1 prices. CR at II-10, PR at II-7.

[14] CR at II-11, PR at II-7.

[15] CR at II-11, PR at II-6. U.S. producers reported that truck and bus tires with retreading warranties/guaranties have an average price premium of 13.8 percent over those without such warranties/guaranties, while U.S. importers estimated an average price premium of 8.6 percent for tires with such offerings.

[16] CR at II-8-9, PR at II-6. U.S. producers estimated that EPA Smartway certified tires are sold at an average 5.7 percent premium over noncertified tires, while U.S. importers estimated that this price premium was 5.0 percent.

[17] All U.S. producers' U.S. shipments in 2015 were of branded tires, while only 67.8 percent of U.S. imports from China were of branded tires and the remainder were private label sales. CR at IV-11, PR at IV-7. Most responding U.S. producers and importers reported that the U.S. producers Bridgestone, Michelin, and Goodyear sold tier 1 tires. Most responding U.S. producers and importers reported that U.S. producer Continental and Chinese producers Hankook and Yokohama sold tier 2 tires. CR at II-11, PR at II-7. Many firms (including U.S. producers and importers) reported Chinese producers Double Coin, Sailun, and Long March Tires as fitting below the top two tiers. Many firms also listed U.S.-produced Cooper and Hercules tires as being sold below tier 2. U.S. producers' questionnaire responses, question IV-20; U.S. importers' questionnaire responses, question III-20. However, *** reported having not produced truck and bus tires in the United States at any time since January 1, 2013. CR at III-1 n. 2, PR at III-1 n. 2. *** did not provide a response to the U.S. producer questionnaire.

With respect to other product features, 46.7 percent of U.S. producers' truck and bus tire sales were EPA Smartway certified, whereas 29.4 percent of U.S. importers' truck and bus tire sales were EPA Smartway certified. CR at II-8, PR at II-6. U.S. producers reported that 70.6 percent of their sales have retreading warranties/guaranties, whereas U.S. importers reported that 47.1 percent of their sales have retreading warranties/guaranties. CR at II-9, PR at II-6.

domestic like product, U.S.-produced truck and bus tires more frequently compete at higher prices than subject imports due to their greater concentration in the higher-tier segments of the market and greater likelihood of offering desirable product features.

The effect of U.S. producers' brand equity and generally superior product offerings is apparent within our pricing data, which indicates that U.S. prices were not adversely affected by subject imports despite subject imports being consistently and increasingly lower priced. The Commission sought quarterly pricing data for four types of truck and bus tires which were defined by specific physical characteristics, but not differentiated by brand type or market tier.[18] Underselling was significant: subject imports were priced lower than the domestic like product in 55 of 56 quarterly price comparisons during the POI,[19] with an average underselling margin of 40.5 percent.[20] In addition, subject import prices declined more rapidly than U.S. producers' prices, thereby widening underselling margins over the POI.[21] However, substantial underselling margins throughout the POI are likely reflective of the brand premiums and product features associated with a high proportion of U.S.-produced tires. In addition, the significance of underselling is mitigated by its lack of impact on the domestic industry's market share or on prices for the domestic like product, as explained below.

We do not find that subject imports depressed U.S. producers' prices to a significant degree. Prices for domestically produced truck and bus tires declined between January 2013 and December 2015 for OEM and aftermarket sales of all four pricing products, with price decreases ranging from 8.2 percent to 13.3 percent.[22] However, due to the magnitude of the decline in raw material costs, we do not find that the subject imports caused U.S. prices to fall. By any metric observed, raw material costs fell by considerably more than the price of truck and bus tires during the POI. Between January 2013 and December 2015, the price of rubber, the primary raw material used in the production of tires, fell precipitously. The prices of natural and synthetic rubber fell by *** percent and *** percent, respectively, over this period.[23] Overall, the per-unit cost of the industry's raw materials fell by *** percent; by comparison, the average unit value ("AUV") of net sales fell by only *** percent.[24] The ratio of the domestic industry's underlying raw material costs to the value of the industry's total net sales fell from *** percent in 2013 to *** percent in 2014, and fell further to *** percent in 2015, indicating that the industry received increasing revenues on commercial sales relative to underlying raw material costs over the POI.[25] We observe that U.S. prices for OEM sales fell to a similar extent

[18] CR at V-4, PR at V-2-3. In addition, the Commission requested that firms separate reported pricing data for all four products into OEM and aftermarket sales.

[19] CR/PR at Table V-8. The only quarterly instance of subject imports overselling the domestic like product was for two tires in sold to the OEM market in 2015. CR/PR at Table V-5.

[20] CR/PR at Table V-8.

[21] CR/PR at Table V-7.

[22] CR/PR at Table V-7.

[23] CR at V-1, PR at V-1. Natural rubber is used in higher proportions relative to synthetic rubber in the production of truck and bus tires compared to lighter consumer tires. CR at I-21 and V-1, PR at I-16 and V-1.

[24] Derived from data in CR/PR at Table VI-1.

[25] CR/PR at Table VI-1.

as U.S. prices for aftermarket sales despite the very small volume of subject imports sold to OEM end users, further demonstrating that U.S. prices fell for reasons other than subject imports.[26]

We also do not find that subject imports prevented price increases, that otherwise would have occurred, to a significant degree during the POI. The domestic industry's ratio of cost of goods sold ("COGS") to total net sales decreased steadily over the period, decreasing from 70.1 percent in 2013 to 69.8 percent in 2014, and falling further to 67.2 percent in 2015.[27] As unit COGS fell by 15.1 percent over the POI, the unit value of net sales fell by only 11.4 percent.[28] Although apparent U.S. consumption increased during the POI,[29] we do not find significant price suppression in light of the substantial decline in costs relative to prices and the lack of evidence of any cost-price squeeze experienced by the industry.

Additionally, subject import underselling did not result in a significant loss of market share by the domestic industry. As discussed in more detail below, the domestic industry experienced a decline in its share of apparent U.S. consumption over the POI as subject and nonsubject imports gained market share. However, this shift in market share was not the result of the domestic industry losing existing sales, but rather the industry's operation at near full capacity utilization throughout the POI and its resultant inability to expand production as demand increased.[30]

In view of the foregoing, we find that the subject imports did not have the effect of depressing prices or preventing price increases that would otherwise have occurred to a significant degree. Additionally, although underselling was frequent, it did not result in a shift in market share. Accordingly, we do not find significant price effects by reason of subject imports.

[26] CR/PR at Table V-7. Sales to OEM end users accounted for 4.9 percent of U.S. importers' commercial U.S. shipments in 2015, compared to 41.1 percent of U.S. producers' commercial U.S. shipments in 2015. CR/PR at Table II-1. Over the full POI, U.S. importers reported selling only 2,000 truck and bus tires to OEM users within the pricing data, compared to over 2 million tires sold to aftermarket purchasers. CR/PR at Table V-8.

[27] CR/PR at Table VI-1.

[28] CR/PR at Table VI-1.

[29] CR/PR at Table C-1.

[30] Only *** made specific allegations of lost sales and lost revenue. CR at V-21, PR at V-8. *** identified 14 firms where it lost both sales and/or revenue, which were contacted by staff. Only one purchaser, ***, provided a response. From 2013 to 2015, *** purchased *** percent of its truck and bus tires from China, *** percent from "unknown source" countries, and *** from the United States. *** reported not switching sales from U.S. producers to imports, and reported not knowing if U.S. producers reduced prices to compete with imports from China. CR at V-21, PR at V-8.

C. Impact of the Subject Imports[31]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[32]

The domestic industry's performance improved in almost every category for which information was collected over the POI. Capacity utilization rose consistently over the POI, from 83.8 percent in 2013 to 93.5 percent in 2015.[33] In 2014 and 2015, all U.S. producers *** were operating at capacity utilization rates of 96 percent or above.[34] Production rose in each year, with total production in 2015 up 8.4 percent over 2013.[35] All *** increased production in each year of the POI.[36] Domestic shipments in 2015 were 2.5 percent higher than in 2013, export shipments were 8.4 percent higher, and net sales by quantity were 3.3 percent higher.[37]

The number of production workers was slightly higher in 2015 than in 2014, as were hours worked.[38] Total wages paid rose by 7.0 percent, while hourly wages rose 6.3 percent between 2013 and 2015.[39] Productivity was 7.6 percent higher in 2015 than in 2013.[40]

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[31] Commerce initiated the antidumping duty investigation of truck and bus tires from China based on estimated antidumping duty margins of 19.91 percent and 22.57 percent. 81 Fed. Reg. 9434 (Feb. 25, 2016). It initiated the countervailing duty investigation based on 33 alleged countervailable subsidy programs, at least four of which concern exports. 81 Fed. Reg. 9428 (Fed. 25, 2016. Commerce did not furnish an estimated subsidy rate in its notice of initiation.

[32] 19 U.S.C. § 1677(7)(C)(iii). This provision was recently amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[33] CR/PR at Table III-4.

[34] CR at III-5, PR at III-3. Production capacity declined over the POI, but those declines were driven in part by ***. CR at III-5 n.8, PR at III-3 n.8. As discussed in section VI.B.2 of the majority view, which we join, Goodyear dissolved its joint venture with Sumitomo on October 1, 2015, resulting in a sale of its 75 percent ownership interest in the GDTNA production facility in Buffalo, New York. Goodyear included data for the GDTNA facility from 2013 through Q3 2015, but no firm provided data for this facility for Q4 2015. CR at III-5 n. 8, PR at III-3 n. 8. Therefore, the industry's reported capacity is slightly understated for 2015; however, its production, shipments, and market share, among other industry indicators, are similarly understated in that year. The record does not indicate that the industry's capacity utilization is understated in 2015.

[35] CR/PR at Table C-1.

[36] CR at III-5, PR at III-3. *** CR at VI-8 n. 5, PR at VI-3 n.5. Therefore, the industry's increase in production, capacity utilization, and profitability may have been even greater if ***.

[37] CR/PR at Table C-1.

[38] CR/PR at Table C-1.

[39] CR/PR at Table C-1.

[40] CR/PR at Table C-1.

The domestic industry's financial performance improved in every metric. As raw material costs declined substantially over the POI, the industry's unit COGS fell by 15.1 percent between 2013 and 2014.[41] Unit SG&A costs also declined.[42] As costs declined, the unit value of net sales fell to a lesser extent, by 11.4 percent between 2013 and 2015.[43] As a result, the domestic industry had high and rising profits throughout the POI. Gross profit rose even as prices fell.[44] Operating income relative to net sales rose in each year of the POI, from 18.4 percent in 2013 to 18.6 percent in 2014 to 20.7 percent in 2015.[45] Net income relative to net sales also rose, from 16.5 percent in 2014 to 16.8 percent in 2014 to 18.3 percent in 2015.[46] The industry consistently made capital investments throughout the POI, and capital investments were higher in 2015 than in 2013.[47]

Considering the industry's increased production, capacity utilization, shipments, employment, wages, productivity, and profits, we are unable to find any reasonable indication of material injury by reason of subject imports. Not only did the industry show consistent and significant improvement in almost every metric, it did so as subject import volume was increasing. The industry's highest levels of production, capacity utilization, employment, and profits occurred in 2015, as subject import volume and market share peaked. As discussed above, we also cannot find any correlation between the significant levels of underselling apparent on this record and the prices of domestically produced truck and bus tires. Although subject imports consistently undersold the domestic like product, the declines in the industry's prices and AUVs of net sales were of a lesser magnitude than the declines in costs, and the industry's profitability consistently rose. Therefore, the record demonstrates that the industry consistently improved its production, employment, and profitability even as subject import volume rose.

Although the domestic industry's output increased over the POI, it did not increase at the same rate as apparent U.S. consumption. As a result, the domestic industry lost market share to subject imports over the POI.[48] Still, we cannot conclude that the domestic industry is materially injured by reason of subject imports. As apparent U.S. consumption rose over the POI, the domestic industry operated at high and rising capacity utilization rates.[49] All but *** increased production in each year and each domestic producer's capacity utilization rate increased between 2013 and 2015.[50] In 2014 and 2015, *** operated at or above 96 percent capacity utilization.[51] The domestic industry's planned capacity expansions for the near future,

[41] CR/PR at Table C-1.

[42] CR/PR at Table C-1.

[43] CR/PR at Table C-1.

[44] CR/PR at Table C-1. We note that operating and net income, like most other metrics, improved in each year of the POI. 19 U.S.C. § 1677(7)(J).

[45] CR/PR at Table C-1.

[46] CR/PR at Table C-1.

[47] CR/PR at Table VI-6a.

[48] CR/PR at Table IV-5.

[49] CR/PR at Table III-2.

[50] CR at III-5, PR at III-3.

[51] CR at III-5, PR at III-3.

both by new and existing U.S. producers, are also indicative of the industry's need to address its undersupply of production capacity that existed throughout the POI.[52] Given these production constraints, we find it unlikely that the domestic industry could have substantially increased production to the same extent as apparent U.S. consumption.[53]

We find further proof of the industry's inability to meet additional demand in the behavior of nonsubject imports during the POI. Nonsubject and subject imports increased by 40.4 percent and 41.9 percent, respectively, between 2013 and 2015, or nearly the same rate.[54] Nonsubject imports actually rose at a faster rate than subject imports between 2014 and 2015, with nonsubject imports in 2015 up 16.2 percent over 2014 levels.[55] The market share of nonsubject imports also increased, rising from 17.9 percent in 2013 to 20.8 percent in 2015.[56] Nonsubject imports commanded higher prices in the U.S. market than the prices of subject imports.[57] Therefore, nonsubject imports had no difficulty expanding sales and market share despite the presence of rising volumes of lower-priced subject imports. This further supports our finding that purchasers rely on factors other than price in making purchasing decisions, and weakens any presumption that, despite the many improved performance metrics, the domestic industry nonetheless lost sales to subject imports for price reasons.

Furthermore, the domestic industry itself was largely responsible for the importation of nonsubject tires. *** together accounted for *** percent of nonsubject imports in 2015, or ***.[58] We find it unlikely that domestic producers would have engaged in this significant level of importation had they in fact been able to meet that rising demand with domestic production.[59]

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[52] CR at III-3-4, PR at III-2. Yokohama commenced production at a facility in West Point, Mississippi in October 2015. It produced *** truck and bus tires in 2015, is projected to produce *** tires in 2016, and is projected to reach its full production capacity of 1 million tires in 2018. In February 2016, Continental announced plans to construct a truck and bus tire plant in Mississippi, commencing production by the end of 2019.

[53] *** provided narrative comments indicating negative effects of subject imports on investment, growth, and development since January 1, 2013. Specifically, these firms indicated that ***. CR/PR at Tables VI-9 and VI-10. However, the *** that provided these responses also reported capacity utilization of *** percent in 2014 and 2015, indicating that their own capacity constraints, not subject imports, were the reason why they were not able to produce and ship additional volumes during the POI. U.S. producers' questionnaire responses of ***, question II-3d. The *** that reported capacity utilization rates *** percent in 2014 and 2015 did not report any actual negative effects on investment, growth, or development since January 1, 2013, and in fact experienced an increase in its operating income margin from *** percent in 2013 to *** percent in 2015. U.S. producers' questionnaire response of ***, question II-3d, CR/PR at Tables VI-9 and VI-10.

[54] CR/PR at Table C-1.

[55] CR/PR at C-1.

[56] CR/PR at Table IV-5.

[57] *Compare* CR/PR Tables V-3-V-5 *with* Tables D-1-D-4.

[58] CR/PR at Table III-9 and IV-1.

[59] The only metric which suggested possible weakness on the part of the domestic industry was the rise in inventories in 2015. End of period inventories in 2015 were up by just over 700,000 tires from (Continued…)

For the above reasons, we find that the record as a whole contains clear and convincing evidence that the domestic industry is not materially injured by reason of subject imports. In addition, based on the available information, we do not find a likelihood that sufficient evidence leading to a contrary result will arise in any final phase of these investigations.

III. No reasonable indication of threat of material injury

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[60] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[61] In making our determination, we consider all statutory threat factors that are relevant to these investigations.[62]

(…Continued)
2013 and 2014 levels. This increase is dwarfed by the level of the domestic industry's nonsubject imports, which increased from to 2.8 million tires in 2013 to 3.7 million tires in 2015.

[60] 19 U.S.C. § 1677(7)(F)(ii).

[61] 19 U.S.C. § 1677(7)(F)(ii).

[62] These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

…

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and
(Continued…)

The industry in China is quite large, has expanded in recent years, and further expansion is planned for the near future.[63] The Chinese industry is export-oriented and the U.S. market was a major outlet for those exports.[64] U.S. importers' inventory of subject imports was higher at the end of the last year of the POI than at the end of the first year.[65] As discussed above, subject imports to the U.S. market increased at a significant rate over the POI, gained market share, and undersold frequently.[66]

We have found no reasonable indication of material injury, noting the lack of correlation between the significant increase in the volume of low-priced subject imports and the substantial and continuing improvement in the domestic industry's production, capacity utilization, employment, and profitability. The industry undertook regular investments during the POI[67] and investment in new production capacity is already underway, with additional expansion plans recently announced.[68] These improvements all occurred despite the size of the industry in China, its export orientation, the volume and increase thereof of subject imports, and the high degree of underselling. The record therefore indicates that the domestic industry thrived despite subject import trends.

We see nothing on the record to suggest any likely change in the imminent future such that the domestic industry will become vulnerable to subject imports in a way not evident during the POI.[69] Whatever the explanation for the domestic industry's strong performance in

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(…Continued)

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of likely subject import volume. Statutory threat factor (IV) is discussed in the analysis of likely subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of likely impact. Statutory factor (VII) concerning agricultural products is inapplicable to this investigation.

[63] CR/PR at Table VII-2 and VII-3.

[64] CR/PR at Tables VII-3.

[65] CR/PR at Table VII-6. We note that inventories of nonsubject imports at the end of 2015 exceeded the volume of subject imports, both absolutely and relative to shipments. *Id.*

[66] CR/PR at Tables C-1 and V-8.

We have also considered the potential for product shifting. Most responding Chinese producers reported that they could not switch production from truck and bus tires to other products. CR at II-6, PR at II-4. The majority of Chinese producers' production on this equipment was dedicated to truck and bus tire production. CR at Table VII-4.

We are mindful that petitioners have alleged the presence of numerous countervailable subsidies, CR at I-7- 8, PR at I-5-7, and have reviewed and taken into account such information as was made available on these subsidies in reaching our decision.

[67] CR/PR at Table VI-6a.

[68] CR at III-3-III-4, PR at III-2.

[69] We note that *** that reported anticipated negative effects of subject imports reported capacity utilization rates of 96 percent or higher in 2014 and 2015. The industry's high and increasing (Continued…)

the face of rising import volumes, we do not find a reasonable indication that the domestic industry is threatened with material injury by reason of subject imports in the imminent future.

For the above reasons, we determine that the record as a whole contains clear and convincing evidence that a domestic industry is not threatened with material injury by reason of subject imports. In addition, based on the available information, we do not find a likelihood that evidence leading to a contrary result will arise in any final phase of these investigations.

IV. Conclusion

For the reasons stated above, we determine that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of subject imports of truck and bus tires from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

(…Continued)
profitability, stable levels of capital expenditures and R&D expenses, CR/PR at Table VI-6a, and evidence that ***, indicates that any continued increase in subject import volumes is unlikely to negatively affect the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"), Pittsburgh, Pennsylvania, on January 29, 2016, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of truck and bus tires [1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
January 29, 2016	Petition filed with Commerce and the Commission; institution of Commission investigation (81 FR 6042, February 4, 2016)
February 18	Commerce's notice of initiation (AD) (81 FR 9434, February 25, 2016)
February 19	Commission's conference
February 25	Commerce's notice of initiation (CVD) (81 FR 9428, February 25, 2016)
March 11	Commission's vote
March 14	Commission's determinations
March 21	Commission's views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations.

[2] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] A list of witnesses appearing at the conference is presented in appendix B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy/dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Truck and bus tires are used on a large number of types and sizes of vehicles designed to transport heavy cargo and passengers over roads and highways. The leading U.S. producers of truck and bus tires are Bridgestone Americas Tire Operations, LLC ("Bridgestone"), Continental Tire the Americas, LLC ("Continental"), The Goodyear Tire & Rubber Company ("Goodyear"), and Michelin North America, Inc. ("Michelin"), all of which are multinational companies, while leading producers of truck and bus tires outside the United States include Aeolus Tyre Co., Ltd. ("Aeolus"), Double Coin Holdings Ltd. ("Double Coin"), Giti Tire Group ("Giti"), Triangle Tyre Co., Ltd ("Triangle Tyre"), and Zhongce Rubber Group Company Limited ("Zhongce") of China. The leading U.S. importers of truck and bus tires from China are ***. Leading importers of truck and bus tires from nonsubject countries (primarily Canada, German, Japan, Thailand, and the United Kingdom) include ***. U.S. purchasers of truck and bus tires are firms that typically sell to dealers or directly to fleet owners.

Apparent U.S. consumption of truck and bus tires totaled approximately 26.5 million tires ($5.9 billion) in 2015. Currently, five firms (one of which began production in October 2015), are known to produce truck and bus tires in the United States. U.S. producers' U.S. shipments of truck and bus tires totaled 12.0 million tires ($3.4) in 2015, and accounted for 45.6 percent of apparent U.S. consumption by quantity and 57.0 percent by value. U.S. imports from

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

subject sources totaled 8.9 million tires ($1.2 billion) in 2015 and accounted for 33.6 percent of apparent U.S. consumption by quantity and 20.5 percent by value. U.S. imports from nonsubject sources totaled 5.5 million tires ($1.3 billion) in 2015 and accounted for 20.8 percent of apparent U.S. consumption by quantity and 22.5 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in this proceeding is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of four firms that accounted for virtually all of U.S. production of truck and bus tires during 2015.[6] U.S. imports are based on official Commerce statistics and questionnaire responses received from 29 companies, representing 71.0 percent of U.S. imports from China in 2015 under HTS statistical reporting numbers: 4011.20.1015 and 4011.20.5020.[7] [8] Useable responses to the Commission's foreign producers' or exporters' questionnaire were received from 41 firms in China, whose exports to the United States accounted for approximately 89.5 percent of U.S. imports of truck and bus tires from China during 2015. According to estimates provided by the 35 Chinese producers that provided a response to this question, their combined production of truck and bus tires in China accounted for approximately 42 percent of overall production of truck and bus tires in China in 2015.[9]

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[6] All known U.S. producers of truck and bus tires provided a response to the U.S. producers' questionnaire, except for Specialty Tires of America, a small bias-ply tire manufacturer (*** truck tires) and Sumitomo Rubber, which acquired Goodyear Dunlop Tires North America's plant in Buffalo, New York after its partnership with Goodyear was dissolved in October 2015. *Specialty Tires of America webpage*, http://dev.stausaonline.com/tire-manufacturing/tire-manufacturing-capabilities/, retrieved on March 2, 2016; Emails from ***, March 1 and March 2, 2016; and "Goodyear Ends Global Alliance With Sri," October 1, 2015, found at https://corporate.goodyear.com/en-US/media/news/goodyear-ends-global-alliance-with-sri.html.

[7] Substantially all imports of truck and bus tires are believed to enter under the HTS statistical reporting numbers: 4011.20.1015 and 4011.20.5020. Conference transcript, p. 130-131 (Stewart).

[8] Petitioners' argue that the Commission should rely on official import statistics, adjusted for share of truck and bus tire exports to the United States of mounted wheels by responding Chinese producers. Nine responding Chinese producers reported exports to the United States of mounted wheels in 2015, ranging from 3 percent to 100 percent of total exports in 2015. These exports represented 1,084,000 tires or 5.3 percent of total reported exports to the United States in 2015.

Two U.S. importers reported U.S. commercial shipments of imports from China of mounted truck and bus tires. Of 2015 U.S. commercial shipments of imports from China, mounted truck and bus tires accounted for *** percent (approximately *** tires) by ***, and *** percent (approximately *** tires) by ***. *** reported U.S. commercial shipments of imports from all other sources of mounted tires in 2015. One U.S. producer, *** reported that *** percent (*** tires) of its U.S. commercial shipments in 2015 were sold as a mounted truck or bus tires. These were ***.

[9] The share of Chinese production is understated as five firms did not provide a response, including *** which had the *** reported production in 2015, accounting for *** percent. In addition, one firm (***) is only an exporter.

PREVIOUS AND RELATED INVESTIGATIONS

Truck and bus tires have not been the subject of any prior countervailing or antidumping duty investigations in the United States. In 2015, the Commission conducted antidumping duty and countervailing duty investigations on certain passenger vehicle and light truck tires from China. The Commission determined that an industry in the United States is materially injured by reason of subject imports.[10] In 2013, the Commission and Commerce conducted sunset reviews of orders on certain new pneumatic off-the-road tires from China, and determined that they should remain in place.[11] In 2016, the Commission conducted a preliminary investigation on certain new pneumatic off-the-road tires from China, India, and Sri Lanka. The Commission determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of certain new pneumatic off-the-road tires from India that are allegedly sold in the United States at less than fair value and subsidized by the governments of India and Sri Lanka. The Commission further determined that imports of these products from China are negligible.[12]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On February 25, 2016, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on truck and bus tires from China.[13] Commerce identified the following government programs in China:[14]

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[10] *Certain Passenger Vehicle and Light Truck Tires From China, Investigation Nos. 701-TA-522 and 731-TA-1258 (Final)*, USITC Publication 4545, August 2015, p. 1.

[11] *Certain New Pneumatic Off-the-Road Tires from China: Inv. Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, p. 1.

[12] *Certain New Pneumatic Off-the-Road-Tires from China, India, and Sri Lanka*, 81 FR 10663, March 1, 2016.

[13] *Truck and Bus Tires from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 81 FR 9428, February 25, 2016.

[14] Commerce determined that the following program did not meet the requirements for initiation: Value-Added Tax Refunds for Domestic Firms on Purchases of Chinese-Made Equipment *Enforcement and Compliance Office of AD/ CVD Operations CVD Investigation Initiation Checklist, Truck and Bus Tires from the People's Republic of China (C-570-041)*, February 18, 2016.

- Preferential Lending
    - Government Policy Lending
    - Preferential Loans to State-Owned Enterprises
    - Discounted Loans for Export-Oriented Enterprises
- Export Buyer's Credits and Export Seller's Credits from State-Owned Banks
    - Export Seller's Credits from State-Owned Banks
    - Export Buyer's Credits from State-Owned Banks
- Export Credit Insurance Subsidies
- Export Credit Guarantees
- Provision of Goods and Services for Less Than Adequate Remuneration
    - Provision of Carbon Black for Less Than Adequate Remuneration
    - Provision of Nylon Cord for Less Than Adequate Remuneration
    - Provision of Synthetic Rubber and Butadiene for Less Than Adequate Remuneration
    - Provision of Natural Rubber for Less Than Adequate Remuneration
    - Provision of Land-Use Rights to Truck and Bus Tire Producers for Less Than Adequate Remuneration
    - Provision of Land-Use Rights for State Owned Enterprises for Less Than Adequate Remuneration
    - Provision of Land-Use Rights for Foreign Invested Enterprises for Less Than Adequate Remuneration
    - Provision of Land-Use Rights in Industrial and Other Special Economic Zones for Less Than Adequate Remuneration
        - Provision of Electricity for Less Than Adequate Remuneration
- Direct Tax Exemptions and Reductions
    - Income Tax Reductions for High- and New-Technology Enterprises
    - Enterprise Income Tax Law, Research and Development Program
    - Income Tax Reduction for Advanced-Technology Foreign Invested Enterprises
    - Income Tax Credits on Purchases of Domestically-Produced Equipment by Foreign Invested Enterprises
    - Income Tax Credits for Domestically-Owned Companies Purchasing Chinese-Made Equipment
- Indirect Tax Exemptions and Reductions
    - Import Duty Exemptions for Imported Equipment
    - Value-Added Tax Exemptions for Imported Equipment
    - Value-Added Tax Refunds for Foreign Invested Enterprises on Purchases of Chinese Made Equipment
    - Value-Added Tax Exemptions and Deductions for Central Regions
- Grants
        - State Key Technology Renovation Project Fund Program
        - Famous Brands Program
        - Special Fund for Energy-Saving Technology Reform
        - The Clean Production Technology Fund

- Export Loan Interest Subsidies
- Export Interest Subsidy Funds for Enterprises Located in the Guangdong and Zhejiang Province
- Funds for "Outward Expansion" of Industries in Guangdong Province
- Direct Government Grants Indicated in the Financial Statements of Truck and Bus Producers

Alleged sales at LTFV

On February 25, 2016, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on truck and bus tires from China.[15] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 19.91 percent and 22.57 percent for truck and bus tires from China.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:[16]

> *Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.*
>
> *Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:*
>
> > *TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires;*
> > *MH – Identifies tires for mobile homes; and*
> > *HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.*
>
> *All tires with a "TR," "MH," or "HC" suffix in their size designations are covered by this investigation regardless of their intended use.*

[15] *Truck and Bus Tires from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 81 FR 9434, February 25, 2016.

[16] *Truck and Bus Tires from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 81 FR 9428, February 25, 2016.

In addition, all tires that lack one of the above suffix markings are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the "Truck-Bus" section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Truck and bus tires, whether or not mounted on wheels or rims, are included in the scope. However, if a subject tire is imported mounted on a wheel or rim, only the tire is covered by the scope. Subject merchandise includes truck and bus tires produced in the subject country whether mounted on wheels or rims in the subject country or in a third country. Truck and bus tires are covered whether or not they are accompanied by other parts, e.g., a wheel, rim, axle parts, bolts, nuts, etc. Truck and bus tires that enter attached to a vehicle are not covered by the scope.

Specifically excluded from the scope of this investigation are the following types of tires: (1) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires; and (2) non-pneumatic tires, such as solid rubber tires.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to this proceeding are imported under the statistical reporting numbers of the 2016 HTS, 4011.20.1015 and 4011.20.5020. HTS subheadings 4011.20.10 and 4011.20.50 have general duty rates of 4 percent and 3.4 percent ad valorem, respectively.[17]

THE PRODUCT

Description and applications

Truck and bus tires defined by the scope of this investigation are new pneumatic tires of rubber certified by the U.S. Department of Transportation ("DOT") for on-road or highway use. Subject tires are designed to be mounted on heavier commercial vehicles compared to the lighter on-road tires found on consumer passenger vehicles and commercial light trucks. Thus, subject truck and bus tires are correspondingly designed to support the higher load bearing requirements of heavier commercial vehicle platforms, and also are generally heavier, stronger,

[17] Tires meeting the scope description may also be imported under the following HTSUS provisions: 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, and 8708.70.6060.

and larger. Subject commercial tires of this nature are produced in a large variety of types and sizes found on a huge range of commercial vehicles, from local delivery and municipal service trucks and buses in urban/regional settings, for example, to the large 18-wheel tractor-trailer rigs and passenger buses found in long-haul higher speed use on highways and interstate systems.

In the industry, truck and bus tires are typically referred to as medium commercial truck tires because they are the types that fit on medium duty DOT classifications of vehicles having gross vehicle weight ratings ("GVWR") ranging from 14,001 to 26,000 pounds exclusive of trailers and other attachments;[18] however, heavy duty vehicles having GVWR ratings of 33,000 pounds and over are also classified as types of vehicles that may be fitted with subject tires. For example, the larger medium duty vehicles classified by DOT include buses, as well as medium size cargo and delivery trucks with 6 tires or more, while the larger heavy duty classifications include large delivery trucks, motor coaches, all tractor-trailer combinations, refuse trucks, and construction vehicles with 10 or more tires.[19]

Truck and bus tires of varying sizes and design configurations, radial or nonradial, tube type or tubeless, are produced domestically or imported into the United States for mounting to original equipment ("OE") vehicles or for the replacement requirements on used vehicles, each subject to the same DOT motor vehicle safety and sidewall marking standards.[20] Subject tires for the most part are produced and sold in four main types: (1) Steer tires, the two tires mounted to the front of the vehicle, (2) Drive tires, the tires mounted to the drive train of a given vehicle, (3) Trailer tires, mounted to free-rolling axles as load carriers, and (4) All-position tires, a combination principally of drive and steer tires that may be used in any of the three positions. Steer tires are considered the most important tire position. These are the tires at the very front of the vehicle that are responsible for steering the vehicle. These tires directly affect the handling of the vehicle and the ride for the driver as well as the driver's ability to safely operate the vehicle. Steer tires typically feature a ribbed tread designed to channel water. Drive position tires are built to handle the stresses of the drive axles, transferring the power produced by the vehicle to the road. Drive tire treads are designed with a focus on traction, often a lug tread. Trailer position tires are designed for free-rolling axle positions as load carriers. In addition to more robust lug-type tread, the belt package on drive position tires will typically feature more robust belt package and possibly a higher number of plies than steer or trailer position tires, in order to handle the increased pressures of power transmission.[21]

Truck and bus tires typically range from 14.5 to 24.5 inches in rim diameter, with intermediate sizes of 17.5, 19.5, 20.0, and 22.5 inches, all principally of tubeless steel belted

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[18] E-mail correspondence from Rudy Consolacion, Executive Vice President, Tire and Rim Association, February 2, 2016.

[19] "Field Operations Guide for Safety/Service Patrols," figure 21, U.S. Department of Transportation, December 2009. http://ops.fhwa.dot.gov/publications/fhwahop10014/index.htm, retrieved February 23, 2016.

[20] Federal Motor Vehicle Safety Standard No. 119 (49 CFR 571.119).

[21] Petitioner postconference, exh. 6, question # 16 (Cantrell), pp. 4-5.

radial design.[22] The 22.5 inch tire is a popular size commonly found on trucks, buses, and trailers. A standard subject 22.5 inch radial tire typically is constructed normally with a load range designation of G or H (14 to 16 ply rating equivalent), and a load index of 134 to 146 (5,200 – 6,600 pounds load bearing equivalent at a specified air pressure),[23] together with a speed symbol of L, specifying a maximum allowable safe speed of 75 miles per hour. The load range can reach up to an M designation, equivalent to a ply rating of 22, and a load index typically up to around 170, equivalent to a tire's load bearing capability of 13,200 pounds. Speed ratings can range from a designation of F (50 miles per hour) up to N (87 miles per hour).[24] [25]

Unlike lighter consumer tires, subject commercial truck and bus tires having a premium casing following wear-down to the 2/32nd inch tread depth minimum recommended for replacement. Truck and bus tires may be retreaded several times, many as much as three times or more by the same new truck and bus tire producers, namely, Bridgestone, Goodyear, Michelin, and Continental. This is a cost effective way of significantly reducing tire costs over the long term. These retreaded tires may be used on all positions, steer, drive, and trailer,[26] except for bus tires which by DOT standards must only use new tires at all times on the front wheels.[27] Truck tires worn to no more than 2/32nd inch may also be regrooved if kept to a tread depth of 4/32 inch minimum.[28] [29]

Radial tire design employed in most subject on-road truck and bus tires produced in the United States today, began to replace the bias ply design as early as the mid-1970s, and by the early-1990s was the predominate tire type produced for most on-road OE and replacement tire markets.[30] [31] Radial tires provide superior strength, handling, ride quality, wear resistance, and more efficient rolling performance resulting in fuel savings and mileage advantages, in addition to superior resistance to tire heat buildup at higher speeds. Although truck and bus tires are available in the market in both radial and bias construction, truck and bus markets have been moving away from traditional bias tires toward radials.[32] Figure I-1 compares steel belted radial

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[22] "Tire and Rim Association 2015 Yearbook," Truck-Bus section.

[23] Truck and bus tire air pressures typically range from 65 to 120 pounds per square inch ("psi").

[24] "Medium & Light Truck Tire Data Book," Bridgestone, 2015.

[25] Ibid; while there is no industry-wide definition of ply rating, truck tires are frequently marked with ply rating and equivalent load range.

[26] Once the tread on a truck and bus tire wears to its useful limit, the casing of the tire will often be retreaded, and a steer position tire may become a drive position or trailer position retreaded tire. And that tire may then again be retreaded into another tire position. Petitioner postconference exh. 6, question # 16 (Cantrell), p. 5.

[27] 49 CFR 393.75.

[28] Bridgestone, Continental, Goodyear and Michelin Truck Tire Data Books.

[29] Federal Motor Vehicle Safety Standard No. 119 (49 CFR 571.119); 49 CFR 393.75.

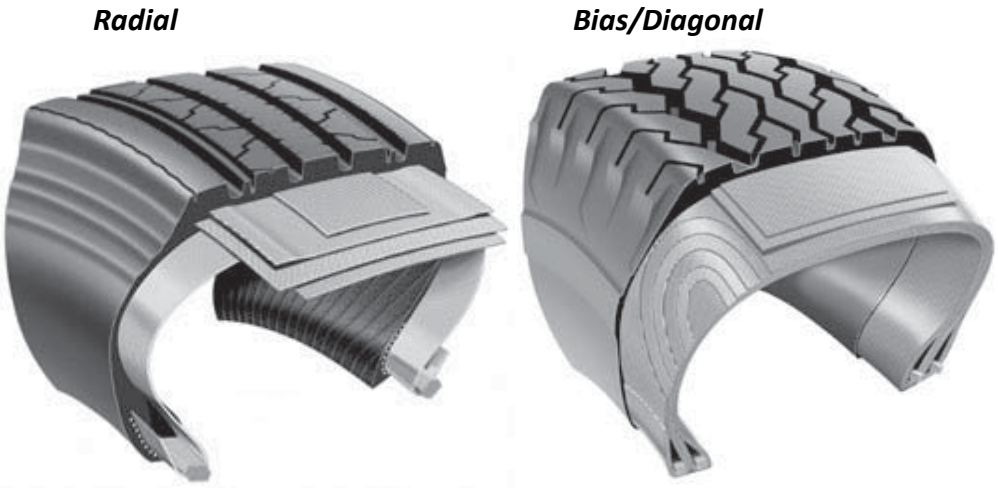
[30] "U.S. Tire Industry Facts," Rubber Manufacturers Association, 2006.

[31] Conference transcript, pp. 135, 136 (Stewart); respondent "IICL" postconference brief, p. 2.

[32] Petitioner postconference, exh. 6, question # 16 (Cantrell), p. 2. Conference transcript, pp. 125-26 (Stewart).

body ply construction, predominately used for truck and bus tires, to that of bias ply construction.

Figure I-1
Truck and bus tires: Radial and bias ply construction



Source: "Bridgestone 2015 Truck Tire Data Book."

Radial steel body ply cords are placed straight across the tire from bead to bead. In addition, radial tires have steel belt plies, which run circumferentially around the tires, under the tread. They constrict the radial ply cords and stabilize the tread area. Bias/diagonal tires have multiple layers of plies with the cords in adjacent plies running in alternate diagonal directions from bead to bead. The tires may also have narrow plies under the tread, called breakers, with cords that lie in approximately the same direction as the body ply cords. Although bias ply tires may be produced by more fundamental processes than radial tires, bias ply tire's plies twist more as the tire rolls, creating friction and heat buildup, increasing rolling resistance and decreasing fuel economy.[33] These factors lead to reduced mileage capabilities, accelerated tire wear, and the increased risk of tire failure.[34] The type of construction can be determined by looking at the size designation molded on the tire's sidewall. Radial truck tire sizes have an "R" in the size designation while bias/diagonal truck tire sizes have a hyphen in the size description. For example, a 10R20 tire (10 inches wide and 20 inches in rim diameter) is a radial, while an equivalent size 10-20 designated tire is a non-radial. In addition, all radial tires have the word "RADIAL" molded onto the sidewall. All radial truck tires also use an "R" in the size designation, e.g., 285/75R24.5.[35]

Truck and bus tires produced domestically or imported into the United States are predominately of tubeless steel belted radial ply construction design as illustrated in figure I-2.

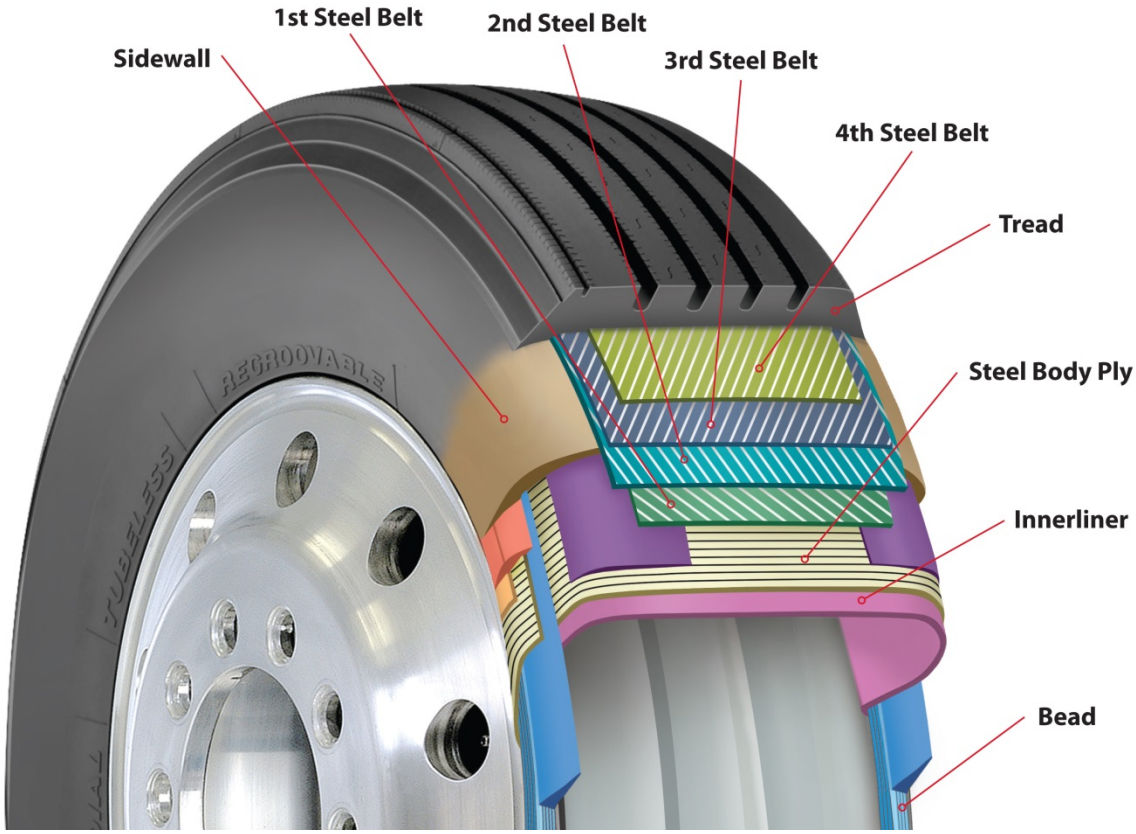
[33] Respondent IICL purchases imports of bias ply tube type tires from China for mounting on two-part trailer rims, the tires of which it claims have not been produced for over 20 years in the United States. Conference transcript, pp. 10 and 16 (Marshak).

[34] National Highway Traffic Safety Administration (NHTSA), "The Pneumatic Tire," 2005.

[35] "Bridgestone 2015 Truck Tire Data Book."

The tire shown is typical of an all-position steer tire having a relatively smooth rib type tread with deep grooves, and mounted to a single piece wheel. Underneath the tread are four circumferential reinforcing steel belts and radial steel body ply cord, which run straight across the tire from bead to bead. Also shown is the butyl rubber innerliner, which inhibits air loss to maintain constant tire air pressure, a key element of tubeless design. A heavy steel bead bundle design securely anchors the tire rim to the wheel providing an airtight seal, superior strength, and stability necessary for extended heavy on-road and highway applications. Truck and bus tire sidewalls also contain heavy reinforcement designed to prevent scuffing and other sidewall damage.

Figure I-2
Truck and bus tires: Radial tire construction features

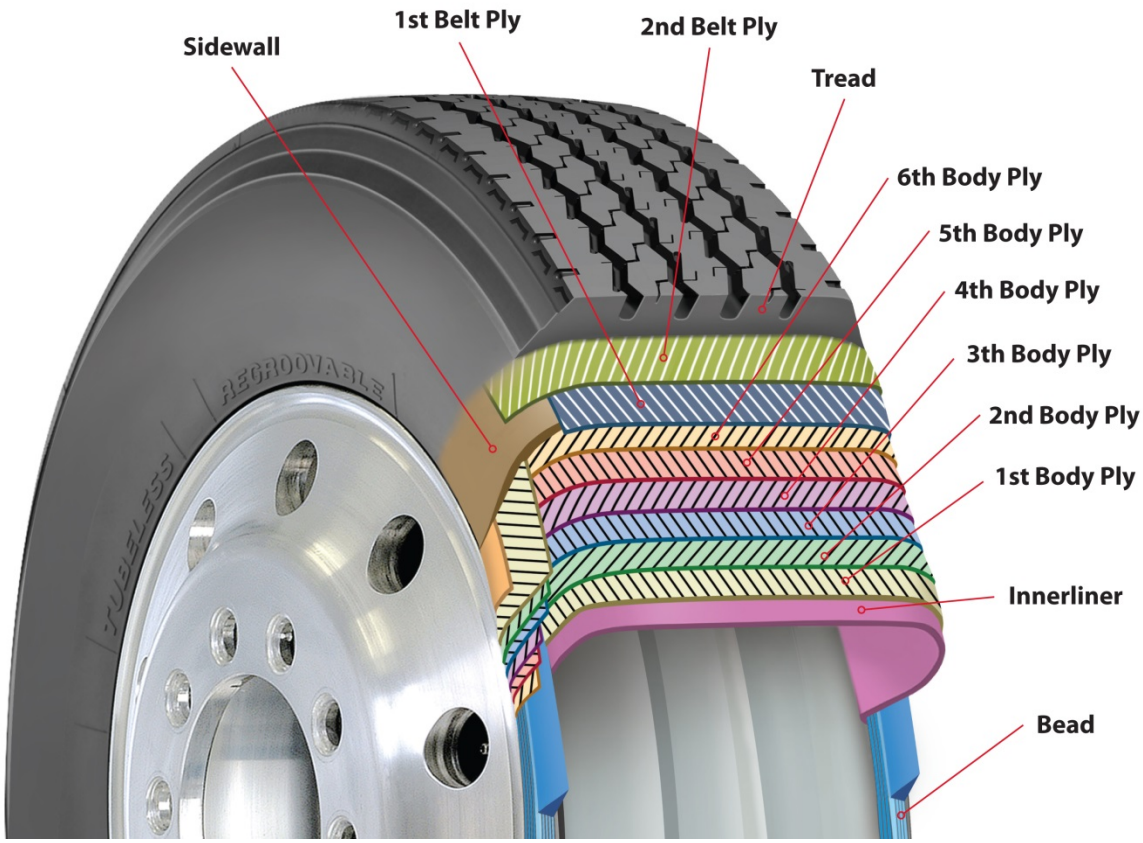


Source: "Truck Bus Care and Service information." Rubber Manufacturers Association ("RMA").

A tubeless bias ply truck and bus tire of the type shown in the following figure I-3, is reportedly produced in China. Its use is thought to be diminishing in part because of improving road and highway conditions more applicable to the use of radial tires compared to the poorer

road conditions of the past where there was higher demand for bias tires simply because of their wearability.[36]

Figure I-3
Truck and bus tires: Bias ply tire construction features



Source: "Truck Bus Care and Service information." Rubber Manufacturers Association.

The tire shown is mounted to a one piece wheel, and is somewhat typical of an all-position drive tire having a tread pattern designed for improved traction compared to the all-position steer tire of figure I-2. The tire construction features two stabilizing diagonal reinforcing belt plies positioned directly underneath the tread, together with six reinforcing body plies arranged in the familiar herringbone construction pattern typical of bias ply design. This tire also features an innerliner intended to prevent migration of air from the tire to maintain relatively constant tire air pressure.[37]

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[36] Conference transcript, pp. 136-137 (Stewart).

[37] Petitioner representative explained that based on his experience in producing tubeless bias ply tires designed for mounting on a one piece rim, a triple wrap of innerliner was required to maintain

(*continued*...)

Rules and regulations and testing procedures for truck and bus tires are promulgated under Title 49 of the Code of Federal Regulations ("CFR"), administered principally by Department of Transportation through the National Highway Traffic Safety Administration ("NHTSA") and the Federal Motor Carrier Safety Administration ("FMCSA").[38] NHTSA Standard No 119, 49 CFR 571.119, governs regulations for new pneumatic tires for motor vehicles with a GVWR of more than 10,000 pounds, the purpose of which is to provide safe operational performance levels. Regulations include sidewall marking standards for subject vehicles.[39] Tire sidewall marking requirements include:

(a) The DOT symbol certifying that the tire conforms to applicable Federal motor vehicle safety standards as marked on one sidewall.
(b) The tire identification number ("TIN") required by FMCSA 49 CFR 574, marked on one sidewall. (The TIN identifies the plant, manufacturer, brand name owner, and date of manufacture, DOT certification, tire and construction types, and other useful information).
(c) The tire size identification.
(d) The maximum load rating and inflation pressure of the tire.[40]
(e) The speed restriction of the tire, e.g., 55mph or less.
(f) The number of plies and composition of the ply cord material in the sidewall and, if different, in the tread area.
(g) The words "tubeless" or "tube type" as applicable.
(h) The word "regroovable" if the tire is designed for regrooving.
(i) The word "radial" if a radial tire.
(j) The letter designating the tire load range.

(…*continued*)
constant air pressure. It was further explained that respondent IICL's bias ply tires were mounted to a two piece wheel which requires a tube. Conference transcript, pp. 177-178 (Juarez).

[38]49 CFR 574, http://www.ecfr.gov/cgi-bin/text-idx?SID=e9e04d1dbab6285f7e27151cad41ed25&mc=true&node=pt49.7.574&rgn=div5 , retrieved February 26, 2016.

[39]49 CFR 571, http://www.ecfr.gov/cgi-bin/text-idx?SID=447283b0e6709f336ab69f44b127cbad&mc=true&tpl=/ecfrbrowse/Title49/49cfr571_main_02.tpl, retrieved February 26, 2016. Petition, exh. I-5.

[40] For trucks, includes maximum load rating and inflation pressure of the tire when used as a dual.

In the United States, truck and bus tire producers have generally adopted the Tire and Rim Association ("TRA") standards for various tire sizes and other selected specifications. TRA standards identify the type of equipment on which the tire is used, the tire type and size, the speed and load carrying ply ratings, and designations which typically are molded into the sidewall. Foreign tires may not conform to all TRA standards, but must conform to all DOT regulations as described above.[41] Selected examples of TRA tire standards for subject truck and bus tire types are described in table I-1.[42]

Table I-1
Truck and bus tires: Tire and Rim Association specifications

Truck-Bus tire: 11R22.5 H 146/143L		Truck-Bus metric tire: 255/70R22.5 G 138/134L		Truck-Bus Trailer tire: 8R17.5HC F 122/120L	
11	Width of tire cross section (inches)	255	Width of tire cross section in millimeters (10.04 in.)	8	Width of tire cross section (inches)
N/A	Aspect ratio (ratio of sidewall height to section width-%)	70	Aspect ratio (ratio of sidewall height to section width-%)	N/A	Aspect ratio (ratio of sidewall height to section width-%)
R	Radial ply	R	Radial Ply	R	Radial ply
22.5	Rim diameter (inches)	22.5	Rim diameter (inches)	17.5	Rim diameter (inches)
N/A	Suffix	N/A	Suffix	HC	Suffix (For use on low platform trailers)
H	Load Range (16 ply)	G	Load Range (14 ply)	F	Load Range (12 Ply)
146/143	Load Index (single/dual) 6,600/6,000 pounds @ 120 psi	138/134	Load Index (single/dual) 5,500/5,200 pounds @ 110 psi @110psi@110psi	122/120	Load Index (Single/Dual) 3,300/3,100 pounds @110psi
L	Speed Symbol (75 mph)	L	Speed Symbol (75 mph)	L	Speed Symbol (75 mph)

Source: *2015 Year Book*, Tire and Rim Association, pp. 3-01 – 3-30

According to the scope definition, subject truck and bus tires may also have molded into the tire sidewall the suffix designations "TR" to differentiate subject tires from passenger and light truck tires, "MH" for motor homes, and "HC" which identifies a 17.5 inch rim diameter code for use on low platform trailers. Additionally, it appears that there are variable standards for subject tire sidewall markings across U.S. industry producers of truck and bus tires; for example, Michelin uses specific letters to identify different types of tread patterns or casing construction, and tire service applications.[43] [44]

[41] Certain Chinese and Indian tire industry officials are affiliates of TRA. *Tire and Rim Association 2015 Year Book*.

[42] A bias ply construction tire is designated by a dash symbol (-) as opposed to a radial tire designated by the symbol R as shown in table I-X; e.g., 11-22.5 H 146/143L as opposed to 11R22.5H 146/143L

[43] "Michelin Truck Tire Data Book," Petition, exh. I-7.

[44] Petitioner postconference exh. 6, question # 16 (Cantrell), pp.6-7.

Manufacturing processes

U.S. tire production processes have changed appreciably since the introduction of the tubeless steel belted radial tire back in the 1970s, as automation has replaced many of the manual operations formerly involved in truck and bus tire building.[45] Truck and bus tire production technology is highly specialized and production is only accomplished on dedicated equipment in separate areas by employees specifically trained for this purpose.[46] Each manufacturer typically employs proprietary automated processes in the production of its particular line of tires. Tire production uses a large variety of tire component compounds produced from natural and synthetic rubber, including textile and steel reinforcement plies and belts and rubberized steel bundles that form the tire's rim bead.[47] Natural rubber is used in higher proportions relative to synthetic rubber compared to lighter consumer tires.[48]

Several basic operations are required in the production of truck and bus tires as shown in the block process flow diagrams in figure I-4. The major processes are (1) base rubber batch formulation and mixing; (2) tire component processing; (3) tire component assembly (tire building); (4) tire curing (molding and vulcanization); and (5) finishing and inspection.[49] [50]

Initially, raw materials are received and undergo quality control testing. These materials include natural and synthetic rubbers, textile tire cord and steel fabric, carbon black reinforcing pigment, steel wires for rim bead, and other processing chemicals, including antioxidants, plasticizers, sulfur curing agents, processing oils, and resins.

The base rubber batch formulation preparation stage involves the mixing of the various rubbers and selected raw materials into several different types of compounds or recipes designed for specific downstream process end uses, as shown in figure I-4. Each batch is placed into a Banbury mixer where the rubber is heated, softened, and mixed with the other ingredients under conditions of mixer blade shear and ram pressure. Following the discharge of a given rubber compound batch from the mixer, the mass is cooled, and sulfur curing agents are added. Subsequent Banbury mixing is usually required to complete this step.

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[45] Conference transcript, p. 175 (Wright).

[46] Conference transcript, industry representatives' prepared statements, pp. 96-101 (O'Shei); pp. 101-106 (Wright); pp. 106-110 (Juarez).

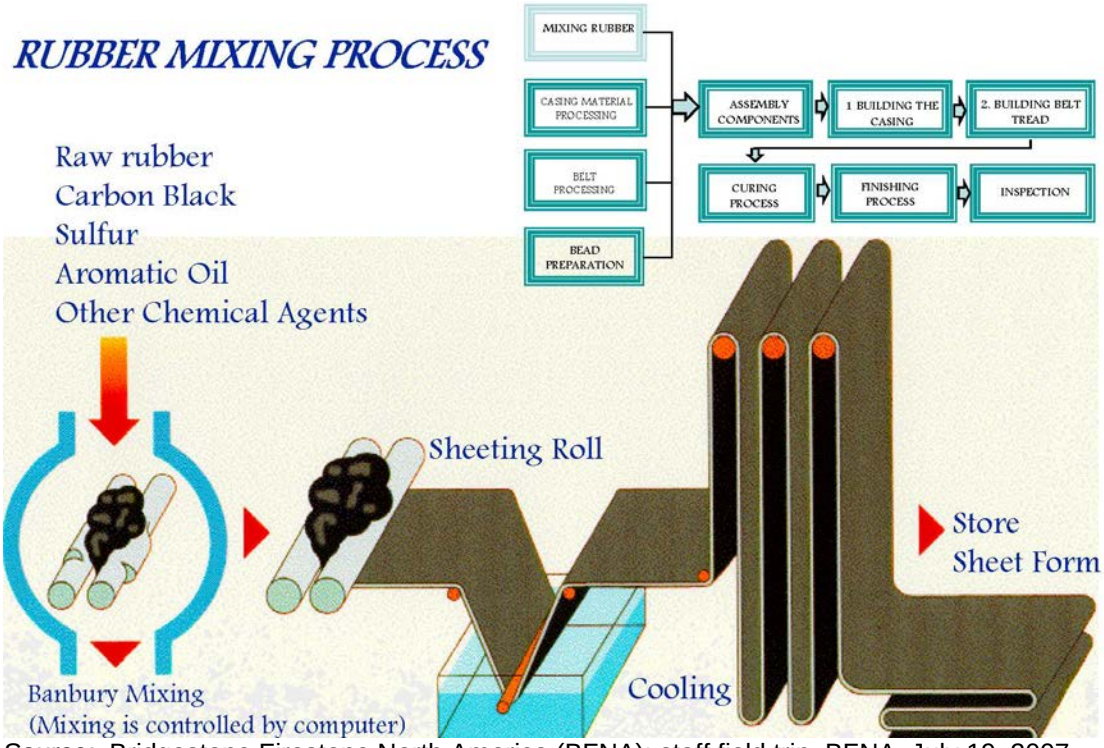
[47] Ibid.

[48] "Anatomy of a Tire", http://infohouse.p2ric.org/ref/11/10504/html/intro/tire.htm, retrieved February 28, 2016.

[49] Conference transcript, industry representatives' prepared statements, pp. 96-101 (O'Shei); pp. 101-106 (Wright); pp. 106-110 (Juarez); pp. 171-174 (Johnson).

[50] Petitioner postconference, exh. 6, question # 16 (Cantrell), exh. I – 17.

Figure I-4
Truck-Bus tires: Process flow diagrams and rubber mixing process



Source: Bridgestone Firestone North America (BFNA); staff field trip, BFNA, July 19, 2007.

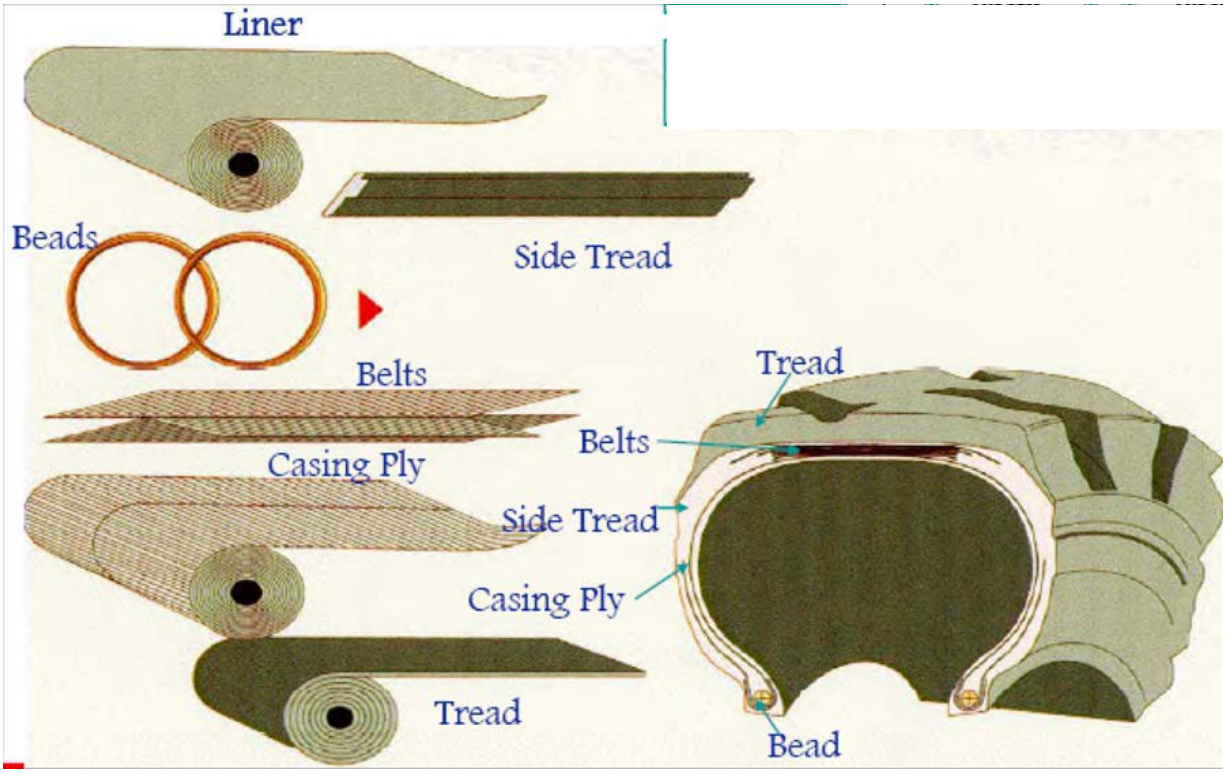
Several different types of equipment are used to process the rubber formulations into multiple truck and bus tire components. Following milling of the various rubber recipes into thick sheets, large machines equipped with rollers known as calendars are used to produce sheets of butyl rubber interlining which prevent the migration of pressurized air through the tubeless tire casings. Calendars are also used to coat tire cord fabric or wire with selected rubber formulations for reinforcement of the tire casing which supports the weight of the vehicle.

Machines called wire winders are used to apply a given rubber batch coating to the bead wire and wrap it into an exact circular dimension needed to hold the tubeless tire securely to a given steel wheel. The smooth rubber pieces that will eventually become treads and sidewalls are produced with machines called extruders which force various softened rubber compounds of synthetic rubbers and natural rubber through a die to produce the desired configurations. The tread and sidewall rubbers typically consist of mixtures of the synthetic rubbers styrene-butadiene ("SBR") and butadiene rubber ("BR") in combination with natural rubber ("NR").

The multiple components that are processed into rubberized assembly elements in preparation for the tire building process are shown in figure I-5.[51] [52]

[51] *Certain New Pneumatic Off-the-Road Tires from China, India, and Sri Lanka, Investigations Nos. 701-TA-551-553 and 731-TA-1307-1308 (Preliminary),* Staff Report, February 12, 2016, p. I-25.

Figure I-5
Truck and bus tires: Tire assembly components



Source: Bridgestone Firestone North America (BFNA), staff field trip, July 19, 2007, and Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, Al, April 21, 2015.

Truck and bus tire building is where the above individual components are sequentially assembled by employees in a circular fashion about horizontally positioned cylindrical tire building drums to create a green (uncured) tire structure. Tire assembly may proceed in either one or two stages. Many bias ply assemblies may be completed in one stage,[53] while radial tire building often proceeds in two stages or more as shown in figure I-6.[54] In the first stage, the steel belts and radial ply are assembled on an inflatable rotating drum to a diameter that is close to that of the final tire. Several tire manufacturers and equipment vendors have devised automated tire assembly equipment that combines several assembly steps or links them into a continuous process.[55]

(…*continued*)

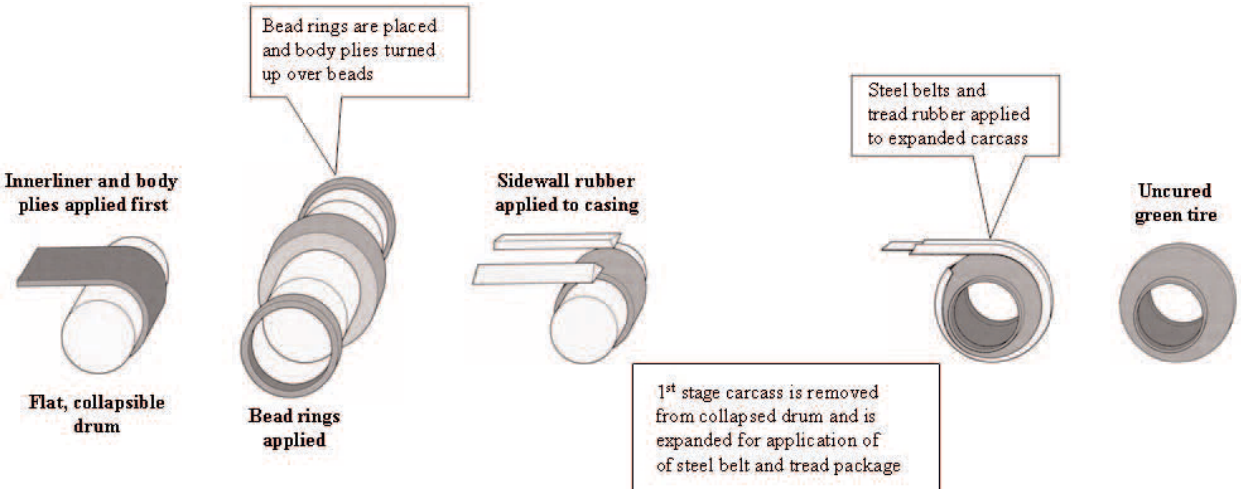
[52] Petitioner postconference, exh. 6, question # 16 (Cantrell), exhibits 5-6.

[53] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14; 15.

[54] Conference transcript, p. 175 (Wright).

[55] If required by the specified speed rating, full width nylon cap plies or cap strips are wound over the belts before the extruded tread/subtread/undertread package is applied. "The Pneumatic Tire," NHTSA, 2005, p. 24.

Figure I-6
Truck and bus tires: tire assembly process



Source: National Highway Traffic Safety Administration (NHTSA). "The Pneumatic Tire," 2005, and Commission Staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

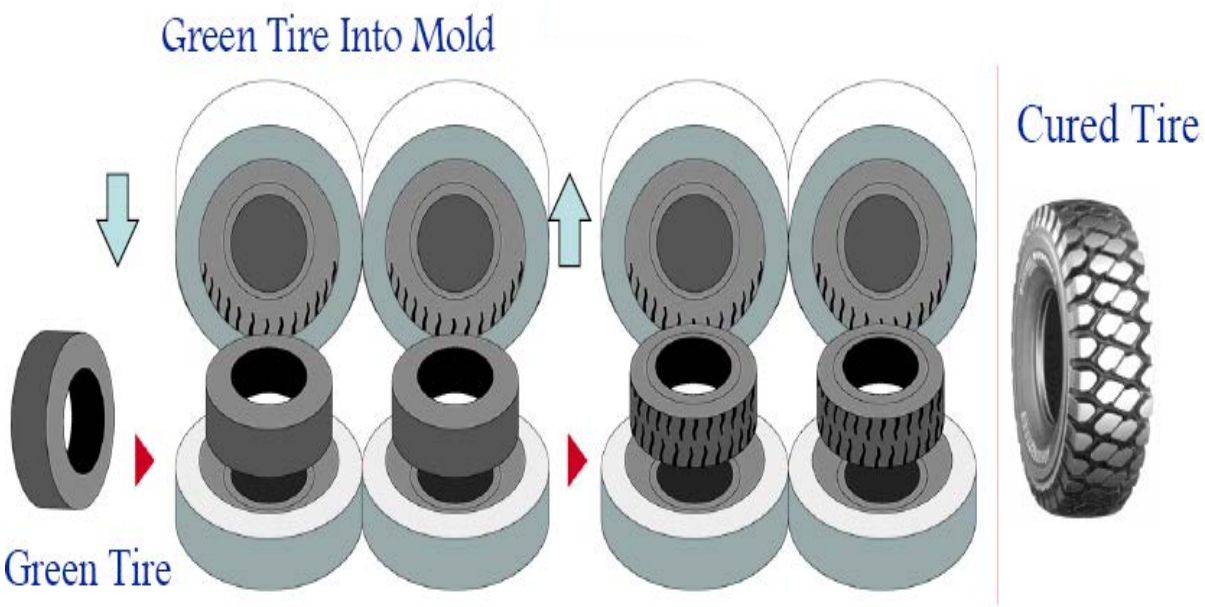
Radial ply construction involves placing parallel steel or fabric piles around the drum circumference that run "radially" from bead to bead at right angles to the direction of tire travel. In bias ply tire building, the tire cord reinforcement plies are placed at alternating angles around the drum circumference as the assembly proceeds so its configuration in the finished tire will result in a crisscross herringbone reinforcement pattern running from bead to bead at angles to the direction of travel. The green (uncured) tire assembly is removed from the drum and positioned with several others for transfer to the final molding and curing process.

The final molding and curing process involves the placement of the green tire assembly about a bladder sleeve in a circular curing press tire mold of the appropriate configuration as shown in figure I-7. After the curing press is closed, the bladder is injected with steam and expanded to force the green tire assembly out against the mold walls. The green tire thus takes on the configuration of the tire mold, including that of the sidewall and tread, together with multiple sidewall designations. Vulcanization or curing of the green tire takes place in the mold at elevated temperature and pressure. Curing times vary depending upon the size and particular design of the tire;[56] each tire model requires its own mold. During vulcanization, the original weak green tire rubber becomes strong, durable nature (thermoset), and will not again soften with heat due to molecular cross-linking or bonding of the rubber with the sulfur chemical additives.[57]

[56] Curing takes more time because of the size, weight and scale of the 22.5 and 24-inch rim diameter truck and bus tires. Conference transcript, p. 172 (Johnson).

[57] *Certain Off-The-Road Tires from China, Investigation Nos. 701-TA-448 and 731-TA-1117 (Review),* USITC Publication 4448, January 2014, pp. I-14; 15.

Figure I-7
Truck and bus tires: Tire curing process



Source: Bridgestone Firestone North America (BFNA), staff field trip, July 19, 2007 and Commission staff plant trip, Michelin BFGoodrich, Tuscaloosa, AL, April 21, 2015.

Following the molding and curing process, the finished tire is moved to the quality control area for a final visual and x-ray inspection.[58] The tires that pass inspection are then moved to a warehouse for storage and shipping. Finished, unmounted tires are coded for tracking, and to identify the plant of manufacture and other information.

DOMESTIC LIKE PRODUCT ISSUES

The petitioner proposes that the domestic like product be coextensive with the scope of these investigations.[59] Respondents propose that 10.00 X 20 bias ply tube-type tires for use on two-piece rims on marine intermodal chassis constitute a separate and distinct like-product.[60] The respondents state that these tires have not been manufactured in the United States for over 20 years and do not compete with other truck and bus tires produced in the United States.[61] [62] These tires, the respondents argue, use tubes and have nylon cords unlike other

[58] Petitioner postconference exh. 6, question # 16 (Cantrell), exhibits 5-6.

[59] Conference transcript, p. 12 (Stewart).

[60] Conference transcript, pp. 16 and 26 (Marshak).

[61] *** U.S. producers reported no production or production of bias ply tires or a similar item during 2013-15. Emails from ***, February 25, 2016; ***, February 23, 2016; ***, February 23, 2016; and ***, February 24, 2016.

[62] ***, stated that it manufactures the type of tires suited for the intermodal chassis market identified by the respondents. The firm noted that its only impediment to competing for the intermodal

(*continued*...)

truck and bus tires. In addition, these tires are used on intermodal marine chassis in harsh marine terminal environment for short hauls, while other truck and bus tires are used for long distance driving on paved roads. These bias ply tires are produced (outside the United States) on different production lines, using different machinery and different workers. Moreover, there appears to be no interchangeability between these tires and other truck and bus tires that are tubeless or radial, given that they are tubed and mounted on two piece rims. The tires in question are primarily sold by importers to Institute of International Container Lessors ("IICL") members (the end-users), and are perceived by both customers and producers to be distinct from other truck and bus tires. The respondents also argue that price of these tires, based on AUVs, are lower than other truck and bus tires.[63]

(…*continued*)
chassis business is its inability to meet or beat low prices of Chinese and other import prices. The firm stated that ***. Emails from ***, March 1, 2016 and March 43, 2016.

[63] Respondent post-conference brief, pp. 13-17 and conference transcript, pp. 30-31.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Truck and bus tires are pneumatic tires designated for vehicles with a given vehicle weight of 10,000 pounds or more.[1] Truck and bus tires are sold in four categories: steer, drive, trailer and all position. Steer tires are designed to be used on the front axle to aid with steering, but can be used in all positions on the truck or bus depending on the vehicle's use. Drive tires are designed exclusively for the torque axles (in the middle of the vehicle) and provide better traction. Trailer tires are designed for use on the last or trailer axles.[2] Truck and bus tires are sold both to original equipment manufacturers ("OEMs") and to the aftermarket. Truck and bus tires are also sold as private-label or brand-label tires and often with retreading warranties. Apparent U.S. consumption of truck and bus tires increased during 2013-15. Overall, apparent U.S. consumption in 2015 was 20.5 percent higher than in 2013.

CHANNELS OF DISTRIBUTION

U.S. producers generally split sales between OEM and aftermarket with a small majority going to the aftermarket, while importers sold mainly to aftermarket, as shown in table II-1.

Table II-1
Truck and bus tires: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2013-2015

Item	Calendar year		
	2013	2014	2015
	Share of quantity (percent)		
U.S. producers' commercial U.S. shipments to:			
OEM	38.5	40.3	41.1
Aftermarket	61.5	59.7	58.9
U.S. importers' commercial U.S. shipments of imports from China to:			
OEM	3.5	3.4	4.9
Aftermarket	96.5	96.6	95.1
U.S. importers' commercial U.S. shipments of imports from all other sources to:			
OEM	26.7	30.5	34.3
Aftermarket	73.3	69.5	65.7

Source: Compiled from data submitted in response to Commission questionnaires.

[1] Conference transcript, p. 111 (Stewart).

[2] Petitioner postconference, exh. 6, question # 16 (Cantrell), pp. 4-5; http://www.michelintruck.com/tires-and-retreads/tires/tires-101/tire-selection-tips/position/, retrieved February 26, 2016.

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling truck and bus tires to all regions in the United States (table II-2). For U.S. producers, 8.2 percent of sales were within 100 miles of their production facility, 66.0 percent were between 101 and 1,000 miles, and 25.8 percent were over 1,000 miles. Importers sold 13.5 percent within 100 miles of their U.S. point of shipment, 56.3 percent between 101 and 1,000 miles, and 30.3 percent over 1,000 miles.

Table II-2

Truck and bus tires: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers
Northeast	4	23
Midwest	4	26
Southeast	4	24
Central Southwest	4	23
Mountains	4	23
Pacific Coast	4	26
Other[1]	4	14
All regions (except Other)	4	22
Reporting firms	4	28

[1] All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of truck and bus tires have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced truck and bus tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the increasing inventories and level of exports, but the high levels of capacity utilization could hamper response.

Industry capacity

Domestic capacity utilization increased from 83.8 to 93.5 over the period of investigation. Domestic capacity fell by 2.9 percent, while domestic production rose by 8.4 percent since 2013. This relatively high level of capacity utilization suggests that U.S. producers may have limited ability to increase production of product in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a ratio to total shipments, remained at approximately 14.0 percent over the period of investigation. U.S. producers reported that Canada and Mexico were the principal export markets. U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers' inventories, as a ratio to total shipments, increased from 16.6 to 21.2 percent over the period of investigation, driven by a 31.9 percent increase in inventory. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Three of four responding U.S. producers stated that they could not switch production from truck and bus tires to other products. Petitioners stated that employees do not frequently switch from producing one type of tire to another type.[3] Other products that the remaining producer reportedly can produce on the same equipment as truck and bus tires are ***.

Subject imports from China[4]

Based on available information, producers of truck and bus tires from China have the ability to respond to changes in demand with large changes in the quantity of shipments of truck and bus tires to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, the high level of exports, shipments to alternate markets, and available inventories, though responsiveness is limited by the inability to produce alternate products on the same production lines.

Industry capacity

Chinese capacity utilization steadily decreased from 87.9 to 83.5 over the period of investigation. Chinese capacity and production fluctuated, but both slightly increased overall, from 2013 to 2015. This moderate level of capacity utilization, coupled with increasing production and capacity levels, suggests that Chinese producers may have a moderate ability to increase production of product in response to an increase in prices.

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[3] Conference transcript, p. 96-97(O'Shei).

[4] For data on the number of responding foreign firms and their share of U.S. imports from China please refer to Part I, "Summary Data and Data Sources."

Alternative markets

Chinese producers' exports, as a ratio to total shipments, increased from 36.2 percent in 2013 to 43.5 percent in 2015. Both export and total shipments increased by 25.2 and 4.1 percent, respectively, over the period of investigation. Chinese producers' exports to the United States increased by 38.9 percent from 2013 to 2015. These levels indicate that Chinese producers may have significant ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Chinese producers' inventories, as a ratio to total shipments, fluctuated from 9.9 percent in 2013 to 12.6 percent in 2014 to 12.2 percent in 2015. These inventory levels suggest that Chinese producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Most (32 of 41) responding Chinese producers stated that they could not switch production from truck and bus tires to other products. Nine Chinese producers reported producing light truck, off-the-road, and passenger vehicle tires on the same equipment as truck and bus tires.

U.S. demand

U.S. demand

Based on available information, the overall demand for truck and bus tires is likely to experience moderate changes in response to changes in price. The main contributing factors are the lack of substitute products, and the different cost share of truck and bus tires in different end-use products.

End uses

U.S. demand for truck and bus tires depends on the demand for U.S.-produced downstream products. Reported end uses include heavy and medium duty truck and buses and aftermarket sales.

Cost share

The cost share of truck and bus tires depends on the designated end use. Truck and bus tires account for a small share of the final vehicle cost, but a large share of the cost for aftermarket tire sales. For OEM tire sales to new heavy duty (class 7 or 8) trucks or buses, U.S. producers estimated that truck and bus tires cost an average of 3.0 percent of the end-use

costs, and importers estimated 3.2 percent. For OEM tire sales to new medium duty (class 6 or below) trucks or buses, U.S. producers estimated that truck and bus tires cost an average of 7.0 percent of the end-use costs, and importers estimated 2.1 percent. For truck and bus tire sales to aftermarket tire replacement service market, U.S. producers estimated that truck and bus tires cost an average of 82.3 percent of the end-use costs, and importers estimated 85.3 percent.

Business cycles

Three of four U.S. producers and 14 of 27 importers indicated that the market was subject to business cycles or conditions of competition. Specifically, firms reported higher demand and sales in the second and third quarters.

Demand trends

Most firms reported an increase in U.S. demand for truck and bus tires since January 1, 2013 (table II-3). For OEM sales, U.S. producers *** reported that U.S. sales increased due to the replacement of aging fleet vehicles and the new fuel economy standards. For aftermarket sales, U.S. producers *** reported that U.S. sales increased due to overall economic growth.

Table II-3
Truck and bus tires: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
OEM sales				
Demand inside the United States:				
U.S. producers	3	0	0	1
Importers	10	2	0	5
Demand outside the United States:				
U.S. producers	1	0	0	2
Importers	3	3	0	4
Aftermarket sales				
Demand inside the United States:				
U.S. producers	3	0	0	1
Importers	15	3	1	8
Demand outside the United States:				
U.S. producers	2	0	0	1
Importers	4	5	0	3

Source: Compiled from data submitted in response to Commission questionnaires.

Substitute products

Most (three of four) responding U.S. producers and (27 of 28) responding importers reported that there were no substitutes for truck and bus tires. Producer *** and importer ***

reported that substitutes for truck and bus tires include retreaded tires with some restrictions as to use.

Smartway certified

The vast majority of U.S. producers and importers reported selling truck and bus tires classified as EPA Smartway certified. U.S. producers reported that an estimated 46.7 percent of total truck and bus tire sales were Smartway certified, with an estimated average 5.7 percent price premium compared to noncertified truck and bus tires. Importers reported that an estimated 29.4 percent of total truck and bus tire sales were Smartway certified, with an estimated average 5.0 percent price premium compared to noncertified truck and bus tires.[5]

Retreading

Three of four U.S. producers and 17 of 28 importers reported selling truck and bus tires with retreading warranties or guaranties. U.S. producers reported that an estimated 70.6 percent of their truck and bus tire sales have retreading warranties/guaranties, with an average price premium of 13.8 percent over truck and bus tires without warranties/guaranties. U.S. producer *** reported that casings have warranties for three retreads or seven years. U.S. producer *** reported that casing have a warranty for a specified period of years (depending on the type of tire casing) with unlimited number of retreads. U.S. producer *** reported offering different warranties with a variety of retreads and casing values.[6] Importers reported that an estimated 47.1 percent of their truck and bus tire sales have retreading warranties/guaranties, with an average price premium of 8.6 percent over truck and bus tires without warranties/guaranties. Importers most commonly reported warranty casings for 2 retreads over a varying number of years.

Tiers

Three of four responding U.S. producers and 23 of 26 responding importers reported that the U.S. truck and bus tires market is divided into tiers. Three responding U.S. producers identified 2 to 4 tiers within the U.S. truck and bus tire market. U.S. producers reported that tier 1 or highest quality truck and bus tires generally include retreading warranties and higher product performance (increased mileage and fuel savings), and sales target OEM and national fleets and larger service networks. U.S. producers reported that mid- to lower-tiers (generally tiers 2-4) truck and bus tires will have lower prices and lower quality, and sales are less likely to target OEMs. Most responding importers identified 3 to 4 tiers within the U.S. truck and bus tire market.[7] Importers reported that tier 1 truck and bus tires generally include higher prices, better marketing and technical support, and brand recognition, and sales target OEM and

[5] Importer *** reported a price premium ranging between *** percent and were not included in the average price calculation.

[6] U.S. producer *** reported not offering warranties for retreads.

[7] Two responding importers *** reported five tiers; *** specifically named bias tires as the fifth tier.

national fleets. Importers reported that tiers 2-4 truck and bus tires will have lower prices, limited distribution, and more limited range of end uses for heavy duty vehicles.

The *** importer, ***, reported that tier 1 truck and bus tires have a large OEM and national fleet presence, broad product offerings (approximately 200 stock keeping units ("SKUs")), higher overhead and promotional costs, heavy field support (an average 200 sales and engineering employees), and sales support through dealers and distributors. It also reported that tier 2 truck and bus tires generally cost approximately 80 percent of tier 1 truck and bus tires, have a smaller product offering (100 SKUs), more limited field support (75 employees), and less sales support through dealers and wholesalers. Importer *** reported that tier 3 will have even lower prices (55-75 percent of tier 1 prices), smaller product range (48-60 SKUs), less field support (less than 20 employees), and is sold through wholesalers, brokers, and few dealers.

Most responding U.S. producers and importers reported that Bridgestone, Michelin, and Goodyear sold tier 1 tires as well as lower tier tires. Most responding U.S. producers and importers reported that U.S. producer Continental and Chinese producers Hankook and Yokohama sold tier 2 tires.

Branding

The vast majority of U.S. producers and importers reported that brand influences the price consumers are willing to pay for truck and bus tires. Firms reported that brand awareness has created the perception of quality amongst customers. Additionally, firms reported that customers would be willing to pay more for tier 1 truck and bus tires compared to tier 3 tires. A majority of U.S. producers and importers reported that private-label tires where "somewhat" competitive with their name-brand counterparts. Most firms cited the lower price of private-label tires as the reason why these tires were competitive with their name-brand counterparts. All responding U.S. producers and 23 of 27 responding importers reported not selling private label and branded truck and bus tires with the same specifications at different prices. Of the four remaining importers, two importers reported offering volume discounts to customers. Importer *** reported offering an ***. It attributed this ***.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported truck and bus tires depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is moderately high degree of substitutability between domestically produced truck and bus tires and truck and bus tires imported from China.

Lead times

U.S. producers sold truck and bus tires exclusively from inventories, while importers sold from a variety of sources. U.S. producers reported that all of their commercial shipments were

from inventories, with lead times averaging 9.6 days. Importers reported that *** percent of their commercial shipments were produced-to-order, with lead times averaging 41.9 days; *** percent of their commercial shipments from U.S. inventories, with lead times averaging 4.3 days; and *** percent of their commercial shipments from foreign inventories, with lead times averaging 59.5 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[8] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for truck and bus tires. The major purchasing factors identified by the responding firm were quality, price, and availability.

Comparison of U.S.-produced and imported truck and bus tires

In order to determine whether U.S.-produced truck and bus tires can generally be used in the same applications as imports from China, U.S. producers and importers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably (table II-4). The majority of U.S. producers and a plurality of importers reported that U.S.-produced product is "always" interchangeable with imported product.[9]

Table II-4

Truck and bus tires: Interchangeability between truck and bus tires produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	3	0	1	0	9	6	8	1
United States vs. Other	3	0	1	0	8	5	7	0
China vs. Other	3	0	1	0	8	6	5	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of truck and bus tires from the United States, China, or nonsubject countries (table II-5). The majority of producers reported that there were "sometimes" significant differences other than price between domestically produced truck and bus tires and truck and bus tires imported from China.

[8] This information is compiled from responses by purchasers identified by U.S. producers to the lost sales lost revenue allegations. See Part V for additional information.

[9] Importer *** reported that U.S.-produced truck and bus tires were "never" interchangeable with Chinese-produced truck and bus tires but did not elaborate as to why.

Table II-5

Truck and bus tires: Significance of differences other than price between truck and bus tires produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	0	0	3	1	7	6	7	3
United States vs. Other	0	0	3	1	5	3	6	4
China vs. Other	0	0	3	1	2	2	8	2

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

Importers gave a wide variety of responses. Five importers cite availability as being an important non-price factor. Importer *** reported that truck and bus tires from China have delays in shipping product to the East Coast and inland destinations. Importer *** reported that imports from China have more limited U.S. inventory which can affect availability. However, importer and U.S. producer *** reported that truck and bus tires were more readily available from China. Five importers cited quality as an important non-price factor. Importer *** stated that having greater control over the manufacturing process, specifically providing technology, design, and molds, had an impact on the quality of its product. Three importers cited product range as an important non-price factor, and two cited technical support. Additionally, the *** cited branding as an important non-price factor, reporting that customers prefer to buy tires from major brands' tier 1 and tier 2 models.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of four firms.[1]

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to eight firms based on information contained in the petition. Four firms provided useable data on their productive operations.[2]

Table III-1 lists U.S. producers of truck and bus tires, their positions on the petition, production locations, and shares of production in 2015. Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms.

Table III-1
Truck and bus tires: U.S. producers of truck and bus tires, their positions on the petition, production locations, production, and shares of reported production, 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
Bridgestone	***	LaVergne, TN[1] Morrison, TN[1]	***
Continental	***	MT. Vernon, IL	***
Goodyear	***	Topeka, KS[1] Danville, VA[1] Buffalo, NY[1]	***
Michelin	***	Spartanburg, SC	***
Total			***

[1] Workforce represented by USW.

Source: Compiled from data submitted in response to Commission questionnaires.

[1] For discussion of data coverage please refer to Part I, "Summary Data and Data Sources."

[2] Two firms (***) reported having not produced truck and bus tires at any time since January 1, 2013. One firm, ***, did not provide a questionnaire response as ***. Another firm, ***, did not provide a questionnaire response as ***. Email from ***, February 12, 2016.

Table III-2
Truck and bus tires: U.S. producers' ownership, related and/or affiliated firms, and share of total production, since January 1, 2013

* * * * * * *

As indicated in table III-2, two U.S. producers (***) are related to foreign producers of the subject merchandise and one U.S. producer (***) is related to a U.S. importer of the subject merchandise. In addition, as discussed in greater detail below, *** U.S. producers directly import the truck and bus tires and *** purchased the subject merchandise from U.S. importers in 2015.[3]

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2103. Two U.S. producers, ***, reported expansions in production capacity but also production curtailments. In addition, in October 2015, Yokohama commenced production at a facility in West Point, Mississippi. The plant will mainly produce 22.5- and 24.5-inch truck tires for the North American market, and is projected to reach its full production capacity of 1 million tires in 2018.[4] Yokohama produced *** truck and bus tires in 2015 and *** truck and bus tires are projected to be produced in 2016. Yokohama reported that the new plant will help reduce lead times by replacing imported tires and phase out the firm's sourcing of truck tires from GTY Tire.[5]

GTY Tire was a joint venture ("JV") originally formed in the 1988 between Continental and Yokohama to produce truck tires at Continental's Mt. Vernon, Illinois facility.[6] ***.

In addition, in February 2016, Continental announced plans to construct a truck and bus tire plant in Mississippi, with planned start of production by the end of 2019.[7]

Table III-3
Truck and bus tires: U.S. producers' reported changes in operations, since January 1, 2013

* * * * * * *

[3] One firm, *** used a foreign trade zone ("FTZ") during 2013-15. *** stated that the FTZ was used ***. ***. Email from ***, February 24, 2016.

[4] "Yokohama holds grand opening for Miss. Plant," Tire Business, October 5, 2015.

[5] "Conti: Demand for truck, bus tires prompted expansion," Rubber News, February 8, 2016, found at http://www.rubbernews.com/article/20160208/NEWS/160209960/conti-demand-for-truck-bus-tires-prompted-expansion.

[6] "GTY Tire Co. JV partners settle suit," Tire Business, January 31, 2011, found at http://www.tirebusiness.com/article/20110131/ISSUE/301319977/gty-tire-co-jv-partners-settle-suit.

[7] Email from ***, February 10, 2016.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

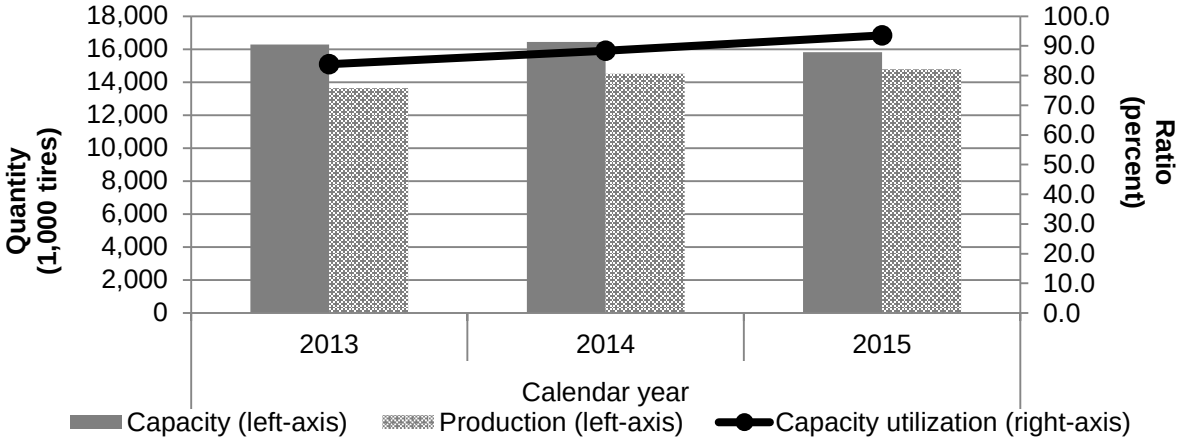
Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' aggregate capacity fluctuated during 2013-15, ending 2.9 percent lower in 2015 than in 2013. The increased capacity by ***, noted earlier, was offset by a decline in capacity at ***.[8] Although *** did not have any changes in production operations, the firm reported, along with ***, that capacity varies upon the size and complexity of the tires produced. Production increased in each year during 2013-15, ending 8.4 percent higher in 2015 than in 2013. Each U.S. producer increased production in each year, except ***. Capacity utilization increased at each of the U.S. producers between 2013 and 2015, although at different overall levels, ranging from a low of *** to a high of ***. All U.S. producers except *** had capacity utilization over 96 percent in 2014 and 2015.

Table III-4
Truck and bus tires: U.S. producers' production, capacity, and capacity utilization, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
Capacity	16,284	16,435	15,812
Production	13,650	14,522	14,791
	Ratio (percent)		
Capacity utilization	83.8	88.4	93.5

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
Truck and bus tires: U.S. producers' production, capacity, and capacity utilization, 2013-15



Source: Compiled from data submitted in response to Commission questionnaires.

[8] ***.

Alternative products

As shown in table III-5 the virtually all (over 99 percent) of product produced by U.S. producers is subject truck and bus tires. *** produced passenger and light truck tires ("PVLT") and *** produced off-the-road tires ("OTR") on the same equipment as truck and bus tires.

Table III-5
Truck and bus tires: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments.[9] The majority (over *** percent in each year) of U.S. producers' shipments were commercial U.S. shipments.[10] U.S. shipments increased 4.7 percent between 2013 and 2014 and then declined 2.1 percent in 2015, but was 2.5 percent higher in 2015 than in 2013. Three U.S. producers increased U.S. shipments between 2013 and 2015, while *** declined over the same period. *** stated that shipments declined due to ***.[11] Exports, which were reported by ***, increased 8.4 percent during 2013-15. As a share of total shipments exports ranged from a low of 8.5 percent (for *** in 2015) to a high of 21.8 percent (for *** in 2015).

[9] Three firms, *** reported leasing operations. These firms included shipments of truck and bus tires involved in these programs as part of internal consumption and estimated the value of shipments based on fair market value. For further information see Part VI.

[10] Three of the four U.S. producers (all but ***) had internal consumption and two producers (***) had transfers to related firms.

[11] Email from ***, February 24, 2016.

Table III-6
Truck and bus tires: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	11,788	12,343	12,082
Export shipments	1,883	2,006	2,041
Total shipments	13,671	14,349	14,123
	Value (1,000 dollars)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	3,688,702	3,672,624	3,380,097
Export shipments	616,481	611,005	563,637
Total shipments	4,305,183	4,283,629	3,943,734
	Unit value (dollars per tire)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	313	298	280
Export shipments	327	305	276
Total shipments	315	299	279
	Share of quantity (percent)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	86.2	86.0	85.5
Export shipments	13.8	14.0	14.5
Total shipments	100.0	100.0	100.0
	Share of value (percent)		
Commercial U.S. shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	85.7	85.7	85.7
Export shipments	14.3	14.3	14.3
Total shipments	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers' U.S. shipments by end use

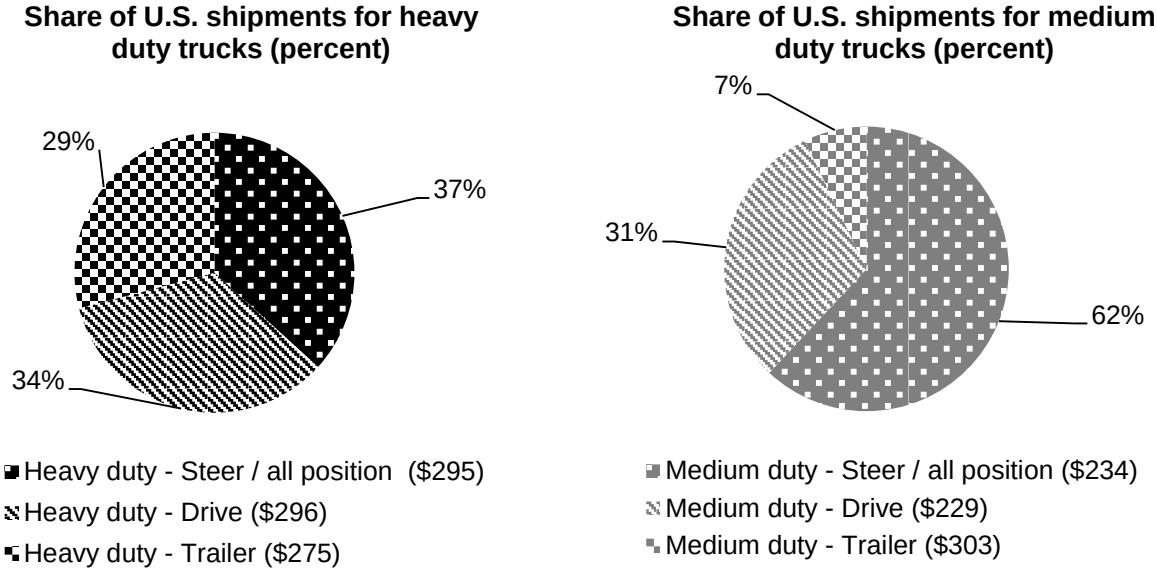
Table III-7 and figure III-2 present U.S. producers' U.S. shipments by end use in 2015. The majority of U.S. producers' U.S. shipments were used in heavy duty trucks. Of the truck and bus tires used in heavy duty trucks, these were virtually equally divided between each position: steer, drive, and trailer. Of the truck and bus tires used in medium duty trucks, the majority were steer, followed by drive, and trailer.

Table III-7
Truck and bus tires: U.S. producers' U.S. shipments by end use, 2015

Item	Calendar year 2015				
	Quantity (1,000 tires)	Value ($1,000)	Unit value (dollars per tire)	Share of quantity (percent)	Share of value (percent)
U.S.producers U.S. shipments.--					
Heavy duty - Steer / all position	3,600	1,062,565	295	29.8	31.4
Heavy duty - Drive	3,347	992,114	296	27.7	29.4
Heavy duty - Trailer	2,850	783,333	275	23.6	23.2
Medium duty - Steer / all position	1,416	330,762	234	11.7	9.8
Medium duty - Drive	706	161,867	229	5.8	4.8
Medium duty - Trailer	163	49,456	303	1.3	1.5
Subtotal, heavy duty	9,797	2,838,012	290	81.1	84.0
Subtotal, medium duty	2,285	542,085	237	18.9	16.0
Subtotal, steer / all position	5,016	1,393,327	278	41.5	41.2
Subtotal, drive	4,053	1,153,981	285	33.5	34.1
Subtotal, trailer	3,013	832,789	276	24.9	24.6
Total U.S. shipments	12,082	3,380,097	280	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-2
Truck and bus tires: U.S. producers' U.S. shipments by end use, 2015



Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** U.S. producers' end-of-period inventories increased in each year, 0.9 percent in 2014, 30.7 percent in 2015, and was 31.9 percent higher in 2015 than in 2013. As a share of U.S. production, U.S. shipments, and total shipments, inventories increased 3.6, 5.5, and 4.6 percentage points, respectively, between 2013 and 2015.

Table III-8
Truck and bus tires: U.S. producers' inventories, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
U.S. producers' end-of-period inventories	2,275	2,296	3,001
	Ratio (percent)		
Ratio of inventories to.--			
U.S. Production	16.7	15.8	20.3
U.S. shipments	19.3	18.6	24.8
Total shipments	16.6	16.0	21.2

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of truck and bus tires are presented in table III-9. *** imported from China and *** imported from all other sources. While the share of imports to production varied for each reporting U.S. producer, the share for *** were higher in 2015 compared with 2013.

Table III-9
Truck and bus tires: U.S. producers' U.S. production, imports and purchases, 2013-15

* * * * * * *

As discussed earlier, one U.S. producer *** also reported purchasing *** tires imported from China by ***. In 2015, the U.S. importer *** imported *** truck and bus tires, thus the U.S. producer's purchases accounted for approximately *** of the importer's imports from China in 2015.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data. The number of PRWs fluctuated during 2013-15, ending 45 PRWs higher in 2015 than in 2013. ***. ***

Table III-10
Truck and bus tires: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2013-15

Item	Calendar year		
	2013	2014	2015
Production-Related Workers (PRWs) (number)	6,378	6,328	6,423
Total hours worked (1,000 hours)	13,949	13,867	14,048
Hours worked per PRW (hours)	2,187	2,191	2,187
Wages paid ($1,000)	315,507	331,838	337,610
Hourly wages (dollars per hour)	$22.62	$23.93	$24.03
Productivity (tires per 1,000 hours)	978.6	1,047.2	1,052.9
Unit labor costs (dollars per 1,000 tires)	$23.11	$22.85	$22.83

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued an importer questionnaire to 111 firms believed to be importers of subject truck and bus tires, as well as to all U.S. producers of truck and bus tires.[1] Usable questionnaire responses were received from 29 companies.[2] [3] Table IV-1 lists all responding U.S. importers of truck and bus tires from China and other sources, their locations, and their shares of U.S. imports in 2015.

Table IV-1
Truck and bus tires: U.S. importers and imports, by source, 2015

Firm	Headquarters	Share of imports by source (percent)		
		China	All other sources	Total imports
Alliance Tire Americas, Inc	Wakefield, MA	***	***	***
American Omni Trading Company LLC	Houston, TX	***	***	***
American Pacific Industries Inc.	Scottsdale, AZ	***	***	***
Bhowmikt Tires Inc	S. Pasadena,, CA	***	***	***
Bridgestone Americas Tire Operations, LLC	Nashville, TN	***	***	***
CMA, LLC	Monrovia, CA	***	***	***
Continental Tire the Americas, LLC	Fort Mill, SC	***	***	***
Cooper Tire & Rubber Company	Findlay, OH	***	***	***
Dynamic Tire Corp.	Woodbridge, ON	***	***	***
Foreign Tire Sales, Inc.	Union, NJ	***	***	***
Giti Tire (USA) Ltd.	Rancho Cucamonga, CA	***	***	***
Global Tire & Wheel, Inc.	Montclair, CA	***	***	***
GTC North America, Inc	Canton, OH	***	***	***
Hankook Tire America Corp.	Wayne, NJ	***	***	***
Horizon Tire Inc.	Houston, TX	***	***	***
Husky Tire Corp.	Mississauga, ON	***	***	***
LionsHead Specialty Tire and Wheel, LLC	Goshen, IN	***	***	***
Michelin North America, Inc.	Greenville, SC	***	***	***
Omni United (S) Pte Ltd.	Singapore,	***	***	***
Pirelli Tire LLC	Rome, GA	***	***	***

Table continued on next page.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by ***, may have accounted for more than one percent of total imports under HTS subheading 4011.20.1015 and 4011.20.5020 in 2015.

[2] For discussion of data coverage please refer to Part I, "Summary Data and Data Sources."

[3] One firm, *** did not provide a questionnaire, but stated that it imported ***. Email from ***, February 25, 2016.

Table IV-1--Continued
Truck and bus tires: U.S. importers and imports, by source, 2015

Firm	Headquarters	Share of imports by source (percent)		
		China	All other sources	Total imports
Seatex International Inc.	Woodbridge, ON	***	***	***
Stragetic Import Supply, LLC	Minnetonka, MN	***	***	***
Sutong China Tire Resources, Inc.	Hockley, TX	***	***	***
TBC Corporation	Palm Beach Gardens, FL	***	***	***
The Goodyear Tire & Rubber Company	Akron, OH	***	***	***
Tireco, Inc.	Gardena, CA	***	***	***
Toyo Tire U.S.A. Corp.	Cypress, CA	***	***	***
Tyres International Inc	Stow, OH	***	***	***
Yokohama Tire Corp.	Santa Ana, CA	***	***	***
Total		***	***	***

Note.--***.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of truck and bus tires from China and all other sources.[4] Imports from China and all other sources increased each year ending 41.9 percent and 40.4 percent higher in 2015 than in 2013, respectively. U.S. imports from China increased 34.2 percent between 2013 and 2014 and U.S. imports from all other sources increased 20.9 percent during the same period. Between 2014 and 2015, U.S. imports from China increased 5.8 percent and U.S. imports from all other sources increased 16.2 percent. As a share of total U.S. imports of truck and bus tires, imports from China fluctuated during 2013-15, ending 0.3 percent higher in 2015 than in 2013, but as a ratio to U.S. production increased from 46.0 to 60.2 percent or 14.2 percentage points over the same period. While the unit values of both imports from China and from all other sources declined during 2013-15, those of imports from China were consistently lower than those of imports from all other sources.

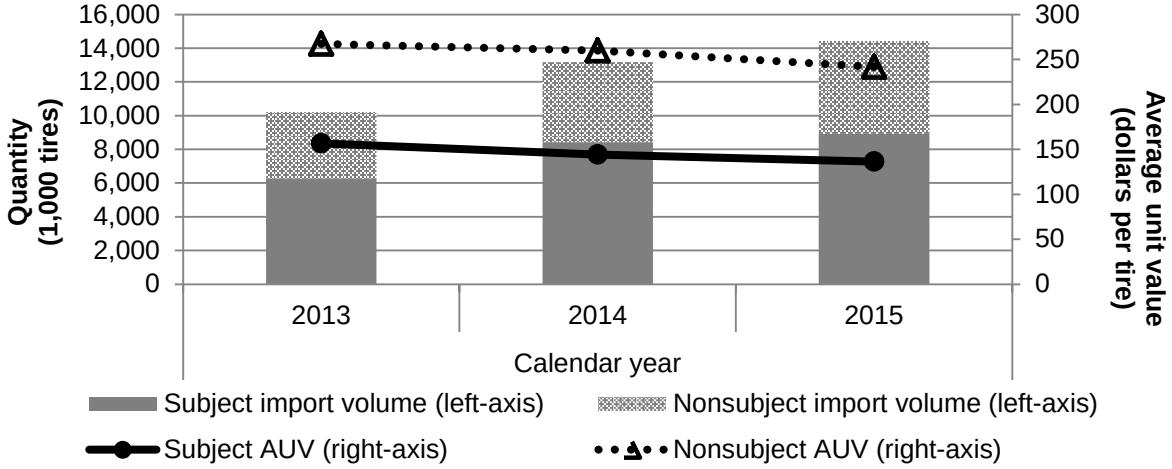
[4] Two firms *** operated foreign trade zones. ***. ***. One firm, ***, used Temporary Importation under Bond.

Table IV-2
Truck and bus tires: U.S. imports by source, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
U.S. imports from.--China	6,276	8,420	8,908
All other sources	3,927	4,747	5,515
Total U.S. imports	10,203	13,166	14,423
	Value (1,000 dollars)		
U.S. imports from.--China	982,855	1,212,704	1,213,172
All other sources	1,049,854	1,232,641	1,332,168
Total U.S. imports	2,032,710	2,445,345	2,545,340
	Unit value (dollars per tire)		
U.S. imports from.--China	157	144	136
All other sources	267	260	242
Total U.S. imports	199	186	176
	Share of quantity (percent)		
U.S. imports from.--China	61.5	63.9	61.8
All other sources	38.5	36.1	38.2
Total U.S. imports	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.--China	48.4	49.6	47.7
All other sources	51.6	50.4	52.3
Total U.S. imports	100.0	100.0	100.0
	Ratio to U.S. production (percent)		
U.S. imports from.--China	46.0	58.0	60.2
All other sources	28.8	32.7	37.3
Total U.S. imports	74.7	90.7	97.5

Source: Official U.S. imports statistics under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed February 10, 2016.

Figure IV-1
Truck and bus tires: U.S. imports by source, 2013-15



Source: Official U.S. imports statistics under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed February 10, 2016.

Table IV-3 presents data for U.S. imports of truck and bus tires from nonsubject sources, largely Canada, followed by Japan and Thailand.

Table IV-3
Truck and bus tires: U.S. imports from nonsubject sources, by source, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
U.S. imports from.--			
Canada	1,244	1,381	1,454
Japan	724	984	1,232
Thailand	839	841	916
United Kingdom	291	316	394
Spain	77	130	362
Germany	202	228	305
Korea	214	268	228
Italy	66	74	192
France	98	115	144
Slovak Republic	36	267	143
All other sources	136	142	146
Total U.S. imports from nonsubject sources	3,927	4,747	5,515
	Share of total U.S. imports (percent)		
U.S. imports from.--			
Canada	12.2	10.5	10.1
Japan	7.1	7.5	8.5
Thailand	8.2	6.4	6.3
United Kingdom	2.9	2.4	2.7
Spain	0.8	1.0	2.5
Germany	2.0	1.7	2.1
Korea	2.1	2.0	1.6
Italy	0.6	0.6	1.3
France	1.0	0.9	1.0
Slovak Republic	0.4	2.0	1.0
All other sources	1.3	1.1	1.0
Total U.S. imports from nonsubejct sources	38.5	36.1	38.2

Source: Official U.S. imports statistics under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed February 10, 2016.

U.S. importers' U.S. shipments by end use

Table IV-4 and figures IV-2 and IV-3 present data for U.S. importers' U.S. shipments of truck and bus tires from China and nonsubject sources, by end-use in 2015. The majority of U.S. importers' U.S. shipments of imports from China and from all other sources were used in heavy duty trucks. Of the truck and bus tires imported from China used in heavy duty trucks, roughly half were steer tires, followed by drive (accounting for approximately one-third of reported U.S. shipments), and then trailer tires. Of the truck and bus tires imported from China used in medium duty trucks, over half were steer tires, followed by drive accounting for one-quarter,

and then trailer tires. Truck and bus tires imported from all other sources followed a similar pattern with roughly half of heavy duty and medium duty truck tires for used in steer position.

Table IV-4
Truck and bus tires: U.S. importers' U.S. shipments by end use, 2015

* * * * * * *

Figure IV-2
Truck and bus tires: U.S. importers' U.S. shipments of imports from China by end use, 2015

* * * * * * *

Figure IV-3
Truck and bus tires: U.S. importers' U.S. shipments of imports from all other sources by end use, 2015

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[6] Imports from China accounted for 61.8 percent of total U.S. imports of truck and bus tires by quantity during 2015.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Table IV-5 and figure IV-4 present data on apparent U.S. consumption and U.S. market shares for truck and bus tires. Apparent U.S. consumption increased each year during 2013-15, 16.0 percent in 2014 and 3.9 percent in 2015, ending 20.5 percent higher in 2015 than in 2013.

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[5] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[6] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

U.S. producer's share declined and share of U.S. imports from China and from all other sources both increased in each year during 2013-15. U.S. producers' share declined 5.2 percentage points in 2014 and 2.8 percentage points in 2015 (8.0 percentage points less than in 2013). As noted in part III of this report, the decline in U.S. shipments between 2013 and 2015 was due to ***.[7] ***.

All U.S. producers' U.S. shipments in 2015 were of brand tires, as were U.S. shipments of imports from sources other than China; 67.8 percent of U.S. imports from China were of brand tires and the remaining 32.2 percent were private label truck and bus tires.

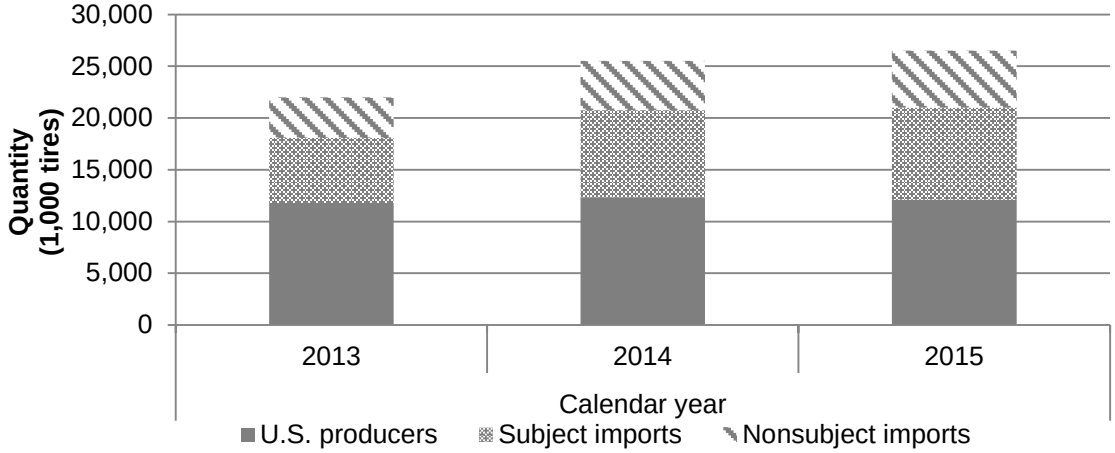
Table IV-5
Truck and bus tires: U.S. shipments of domestic product, U.S. imports, apparent U.S. consumption, and share of apparent U.S. consumption, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (1,000 tires)		
U.S. producers' U.S. shipments	11,788	12,343	12,082
U.S. Iimports.--			
China	6,276	8,420	8,908
All other sources	3,927	4,747	5,515
Total imports	10,203	13,166	14,423
Apparent U.S. consumption	21,991	25,509	26,505
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	3,688,702	3,672,624	3,380,097
U.S. imports.--			
China	982,855	1,212,704	1,213,172
All other sources	1,049,854	1,232,641	1,332,168
Total imports	2,032,710	2,445,345	2,545,340
Apparent U.S. consumption	5,721,412	6,117,969	5,925,437
	Share of quantity (percent)		
U.S. producers' U.S. shipments	53.6	48.4	45.6
U.S. Imports.--			
China	28.5	33.0	33.6
All other sources	17.9	18.6	20.8
Total imports	46.4	51.6	54.4
	Share of value (percent)		
U.S. producers' U.S. shipments	64.5	60.0	57.0
U.S. Imports.--			
China	17.2	19.8	20.5
All other sources	18.3	20.1	22.5
Total imports	35.5	40.0	43.0

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. statistics under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed February 10, 2016.

[7] Email from ***, February 24, 2016.

Figure IV-4
Truck and bus tires: Apparent U.S. consumption, 2013-15



Source: Compiled from data submitted in response to Commission questionnaires and official U.S. statistics under statistical reporting numbers 4011.20.1015 and 4011.20.5020 of the HTS, accessed February 10, 2016.

U.S. shipments by end use

Table IV-6 presents data for apparent U.S. consumption, by end-use during 2015.

Figure IV-6
Truck and bus tires: Apparent U.S. consumption, by end use, 2015

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Truck and bus tires are produced using natural and synthetic rubber, carbon black, oils, and steel. Approximately 40 percent of the tire is made up of rubber.[1] Raw material cost, as a ratio of cost of goods sold, declined from *** percent to *** percent over the period of the investigation. All responding producers and 24 of 28 responding importers reported that raw material prices decreased since 2013.[2] Firms cited declining price for rubber, oil, and steel cord as reasons for the overall decline in raw material prices. The price of synthetic rubber decreased by *** percent during January 2012-September 2015, and the prices of natural rubber decreased by *** percent during January 2012-October 2015 (figure V-1).

Figure V-1
Raw material costs: Price of natural and synthetic rubber, January 2013-October 2015[1]

* * * * * * *

U.S. inland transportation costs

All responding U.S. producers and 27 of 28 responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs ranged from 4 to 6 percent while importers reported costs of 3 to 10 percent.[3]

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producers and importers sell truck and bus tires using a variety of methods with importers using price lists and transaction-by-transaction pricing relatively more than contracts.

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[1] Petition, p. I-4 and exhibit I-4.

[2] The remaining four importers reported fluctuating raw material prices.

[3] U.S producers ***, and importer *** reported inland transportation costs of 100 percent. Importers *** and *** reported inland transportation costs of 19 and 25 percent, respectively. None of these firms were not included in these calculations.

Table V-1

Truck and bus tires: U.S. producers and importers reported price setting methods, by number of responding firms[1]

Method	U.S. producers	U.S. importers
Transaction-by-transaction	4	13
Contract	4	8
Set price list	4	22
Other	0	3

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers reported selling most of their product under long-term contract for OEM sales, but primarily using spot sales for aftermarket sales (table V-2). Importers reported selling most of their product in the spot market for both OEM and aftermarket sales.

Table V-2

Truck and bus tires: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2015

* * * * * * *

Sales terms and discounts

U.S. producers and importers typically quote prices on a delivered basis. All responding producers reported offering quantity and total volume discounts. Of the 27 responding importers, 17 reported offering total volume discounts, and 11 reported offering quantity discounts. Two importers reported offering volume discounts on a semi-annual or quarterly basis. Additionally, two importers reported offering discounts for shipments to the West coast.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following truck and bus tires products shipped to unrelated U.S. customers during 2013-15 for both OEM and aftermarket sales.

Product 1.--**Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R22.5, 16 ply rating, load range of H, speed rating L (75 mph).**

Product 2.-- **Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 11R24.5, 16 ply rating, load range of H, speed rating L (75 mph).**

Product 3.-- **Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 295/75R22.5, 14 ply rating, load range of G, speed rating L (75 mph).**

Product 4.-- **Truck and bus tire, tires designated for drive application (excluding all-position/all-purpose tires), size 285/75R24.5, 14 ply rating, load range of G, speed rating L (75 mph).**

Four U.S. producers and 21 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[4] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' total U.S. commercial shipments of truck and bus tires in 2015. U.S. producers' reported pricing data accounted for approximately *** percent of U.S. commercial shipments to OEM in 2015 and *** percent of U.S. commercial shipments to the aftermarket in 2015. Reported import pricing data accounted for approximately *** percent of total U.S. commercial shipments of subject imports from China in 2015. Subject importers' reported pricing data accounted for *** percent of U.S. commercial shipments to OEM in 2015 and *** percent of U.S. commercial shipments to the aftermarket in 2015.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-9. Nonsubject country prices are presented in Appendix D.

[4] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Table V-3

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Table V-4

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Table V-5

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Table V-6

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2013-December 2015

* * * * * * *

Figure V-2

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 1 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure V-3

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 1 to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Figure V-4

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 2 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure V-5

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 2 to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Figure V-6

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 3 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure V-7

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 3 to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Figure V-8

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 4 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure V-9

Truck and bus tires: Weighted-average prices and quantities of domestic and imported product 4 to aftermarket, by quarters, January 2013-Decmeber2015

* * * * * * *

Price trends

Prices decreased during 2013-15. Table V-7 summarizes the price trends, by country, by OEM and aftermarket sales, and by product. Domestic price decreases ranged from 8.2 to 12.3 percent for OEM prices and 10.9 to 13.5 percent for aftermarket prices during 2013-15. Import price data were limited and sporadic for sales to OEMs. [5] Import price decreases ranged from 30.6 to 36.3 percent for aftermarket sales.

[5] The OEM price for Chinese product 1 was only available for 4 quarters; it decreased by *** percent. The OEM price for Chinese product 2 and 3 was only available for 2 quarters. Product 2 prices increased by *** and product 3 prices decreased by *** percent.

Table V-7

Truck and bus tires: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

* * * * * * *

Price comparisons

As shown in table V-8, prices for truck and bus tires imported from China were below those for U.S.-produced product in 55 of 56 instances (approximately 2 million tires); margins of underselling ranged from 13.7 to 67.0 percent. In the remaining instance, the price for product from China was 27.2 percent above prices for the domestic product.

Table V-8

Truck and bus tires: Instances of underselling/overselling and the range and average of margins, by country, January 2013-December 2015

Source	Underselling				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1 OEM	***	***	***	***	***
Product 2 OEM	***	***	***	***	***
Product 3 OEM	***	***	***	***	***
Product 4 OEM	***	***	***	***	***
Subtotal, underselling OEM	***	***	***	***	***
Product 1 Aftermarket	***	***	***	***	***
Product 2 Aftermarket	***	***	***	***	***
Product 3 Aftermarket	***	***	***	***	***
Product 4 Aftermarket	***	***	***	***	***
Subtotal, underselling Aftermarket	***	***	***	***	***
Total underselling	55	2,006,868	40.5	13.7	67.0
Source	(Overselling)				
	Number of quarters	Quantity (tires)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1 OEM	***	***	***	***	***
Product 2 OEM	***	***	***	***	***
Product 3 OEM	***	***	***	***	***
Product 4 OEM	***	***	***	***	***
Subtotal, overselling OEM	***	***	***	***	***
Product 1 Aftermarket	***	***	***	***	***
Product 2 Aftermarket	***	***	***	***	***
Product 3 Aftermarket	***	***	***	***	***
Product 4 Aftermarket	***	***	***	***	***
Subtotal, overselling Aftermarket	***	***	***	***	***
Total overselling	1	2	(27.2)	(27.2)	(27.2)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of truck and bus tires to report purchasers where they experienced instances of lost sales or revenue due to competition from imports of truck and bus tires during 2013 -2015. Of the 3 responding U.S. producers, 2 reported that they had to reduce prices, and none reported that they had to roll back announced price increases. Two firms reported that they had lost sales, but only one firm (***) submitted lost sales and

lost revenue allegations. *** identified 14 firms where it lost both sales and/or revenue.[6] U.S. producers were also asked to provide information regarding the timing, method of sale, and product type related to the lost sales and lost revenue allegations. *** reported that most of the lost sales and lost revenue allegations occurred in 2015 and were spot sales.

Staff contacted 14 purchasers and received responses from one purchaser (***). Purchaser *** reported purchasing *** truck and bus tires during 2013-15 (table V-9). From 2013 to 2015, *** purchased *** percent from China, *** percent from "unknown source" countries, and *** from the United States. *** reported not switching sales from U.S. producer to imports and reported not knowing if U.S. producers reduced prices to compete with imports from China.

Table V-9
Truck and bus tires: Purchasers' responses to purchasing patterns

* * * * * * *

[6] U.S. producer *** provided lost sales allegations but did not provide contact information for the purchasers. These allegations were not included in these calculations.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Four U.S. producers provided useable financial data.[1] These data accounted for virtually all sales of truck and bus tires in 2015.[2] *** reported data on their transfers to related firms, while *** reported internal consumption. The two categories aggregated were approximately *** percent of total net sales in 2015. ***. *** firms reported data on their retreading operations, equivalent to *** percent of the industry's total sales by value in 2015.[3] Three firms responded to a supplemental request for information on their leasing operations; leasing was equivalent to *** percent of the industry's total sales in 2015.[4]

OPERATIONS ON TRUCK AND BUS TIRES

Table VI-1 presents aggregated data on U.S. producers' operations in relation to truck and bus tires, while table VI-2 presents selected company-specific financial data. Results of the firms' operations are briefly summarized as follows. Total net sales increased by quantity, but the average unit value of sales and total sales decreased by value between 2013 and 2015. Total cost of goods sold ("COGS") and selling, general and administrative ("SG&A") expenses declined between 2013 and 2015. Lower costs and expenses led to small increases gross profit, operating income, net income before taxes, and cash flow.

[1] These firms are: Bridgestone, Continental, Goodyear, and Michelin. Each of the firms reported its data on a fiscal year that ended on December 31. See discussion in Part III of this report on the Goodyear-Yokohama joint venture and Yokohama's Mississippi plant. .

[2] See Part I for coverage.

[3] Reporting firms were ***. The Commission's questionnaire instructed firm not to include retreading data in their sales.

[4] Reporting firms were ***. See discussion later on leasing.

Table VI-1
Truck and bus tires: Results of operations of U.S. producers, 2013-15

Item	Fiscal year		
	2013	2014	2015
	Quantity (1,000 tires)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	13,555	14,231	14,003
	Value (1,000 dollars)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	4,272,567	4,251,488	3,911,855
Cost of goods sold.-- Raw materials	1,931,193	1,823,802	1,514,695
Direct labor	427,512	442,265	442,711
Other factory costs	634,827	703,458	669,641
Total COGS	2,993,532	2,969,525	2,627,047
Gross profit	1,279,035	1,281,963	1,284,808
SG&A expense	493,790	489,351	475,820
Operating income	785,245	792,612	808,988
Other expense or (income), net	80,112	77,795	92,734
Net income	705,133	714,817	716,254
Depreciation/amortization	104,025	115,735	125,629
Cash flow	809,158	830,552	841,883
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	45.2	42.9	38.7
Direct labor	10.0	10.4	11.3
Other factory costs	14.9	16.5	17.1
Average COGS	70.1	69.8	67.2
Gross profit	29.9	30.2	32.8
SG&A expense	11.6	11.5	12.2
Operating income	18.4	18.6	20.7
Net income	16.5	16.8	18.3

Table continued on next page.

Table VI-1--Continued
Truck and bus tires: Results of operations of U.S. producers, 2013-15

Item	Fiscal year		
	2013	2014	2015
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	64.5	61.4	57.7
Direct labor	14.3	14.9	16.9
Other factory costs	21.2	23.7	25.5
Average COGS	100.0	100.0	100.0
	Unit value (dollars per tire)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Total net sales	315	299	279
Cost of goods sold.-- Raw materials	142	128	108
Direct labor	32	31	32
Other factory costs	47	49	48
Average COGS	221	209	188
Gross profit	94	90	92
SG&A expense	36	34	34
Operating income	58	56	58
Net income	52	50	51
	Number of firms reporting		
Operating losses	***	***	***
Net losses	***	***	***
Data	4	4	4

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2
Truck and bus tires: Results of operations of U.S. producers, by firm, 2013-15

* * * * * * *

Total net sales

As described by the data in table VI-1, total net sales by quantity increased between 2013 and 2015 (approximately 3.3 percent) but fell by value (by 8.4 percent). The data in table VI-2 indicates that sales results were mixed by firm: sales quantity reported by ***; sales values reported by the four firms fell ***.[5] The average unit value of sales *** declined by approximately *** percent, equivalent to approximately $*** per tire.

[5] ***. ***.

The Commission's questionnaire requested data on sales of mounted tires in 2015.[6] *** provided data pursuant to that request, and reported sales of ***.[7] Compared with the data shown in table VI-1, the reported data on mounted tires represent but a tiny fraction total industry sales, costs, and operating profit; ***.[8]

Operating costs and expenses

Raw material costs are substantial in this industry. Such costs fell from 2013 to 2015 ($416.5 million, equivalent to a decrease of 21.6 percent) with much of the decrease occurring between 2014 and 2015. Key raw material inputs[9] fell in price from January 2013 to December 2015, including natural and synthetic rubber, carbon black, tire cord, and tire fabric,[10] leading to an overall decline in total raw material costs. From 2013 to 2015 the ratio of raw material costs to total net sales and the ratio of raw material costs to total COGS declined, and the per-unit value of raw material costs fell.

Other factory costs constituted the second greatest component of total COGS (table VI-1). These costs irregularly increased from 2013 to 2015 (by $34.8 million, equivalent to 5.5 percent); they also increased when expressed as a ratio to total net sales, and on a per-unit basis. Data by firm was mixed: other factory costs reported by ***.

SG&A expenses are low relative to raw materials and other factory costs. Such expenses declined on a dollar basis ($18.0 million, 3.6 percent) but increased slightly as a share of total net sales from 2013 to 2015, from 11.6 percent to 12.2 percent. The lower SG&A expenses reported by *** and accounted for overall decrease.

Profitability

Gross income, operating income, and net income each slightly increased from 2013 to 2015. The three categories each increased as a ratio to total net sales but were down on a per-unit basis (table VI-1). ***.

---

[6] If mounted tires are imported, the tire is still subject product.

[7] Questionnaire response of ***.

[8] Email from ***.

[9] According to questionnaire data, raw material costs included the following materials (and their share of the total reported cost): natural and/or synthetic rubber (nearly *** percent); bead wire (nearly *** percent; carbon black (nearly *** percent; fabric (less than *** percent; and other (*** percent. Accumulated U.S. producers' questionnaire responses of ***, section III-9b.

[10] Petitioners' postconference brief, p. 19, and response to staff question number 14.

Tire leasing operations

According to company websites, Bridgestone, Goodyear, and Michelin lease truck and bus tires to certain customers.[11] Each site lists several advantages to leasing from the standpoint of the lessee, including no upfront investment in tire inventory; no inventory to manage (which results in economies in labor and maintenance and additional services to keep tires performing efficiently); the availability of a full range of tires; and prices per mile established for fixed periods (which reduces cost fluctuation).[12] The three firms provided data on their leasing operations, summarized in table VI-3.[13] The quantity of tires shipped under lease is for the current period shown while the leasing revenue is the cumulative total of leasing revenue recognized during the period; the revenue does not correspond to quantity of tires shipped during the period, [14] hence, unit values should be used with caution.

Table VI-3
Truck and bus tires: Results of U.S. producers' leasing operations, 2013-15

* * * * * * *

The programs work as follows, according to ***:[15]

(1) Fee basis: ***
(2) Maintenance and service: ***
(3) Lessee customers: ***[16]

---

[11] Leasing differs from a sale under accounting standards generally recognized in the United States. A lease is a contract calling for the lessee (user) to pay the lessor (owner) for use of an asset for a specified period of time. Under an operating lease the lessee records no asset or liability on its financial statements and the amount paid is expensed as incurred. The lessor recognizes the revenue as it is realized or realizable and earned and there is an ongoing relationship between lessor and lessee. Under a sales arrangement, the buyer takes title and assumes the risk of ownership; assuming the SEC's guidelines on sales recognition are met, the seller transfers ownership and risk and records/recognizes sales revenue. There may or may not be an ongoing relationship between buyer and seller.

[12] See website pages from Bridgestone Mileage Sales (http://www.bridgestonefirestonemileagesales.com); Goodyear Mileage and Advantages of the Goodyear Bus Tire Leasing Program (http://www.goodyear.com/mileage); and Michelin Fleet Solutions (http://www.michelintruck.com/services-and-programs/michelin-fleet-solutions).

[13] The responding firms apparently classified ***.

[14] ***.

[15] ***.

[16] See, *also* petitioners' postconference brief, answers to staff questions, #15 and exhibits thereto.

Tire retread operations

The Commission's questionnaire requested U.S. producers to provide data for 2013-15 on their retread operations, i.e., services that bond a new tread onto a tire carcass that is otherwise usable.[17] As noted during the conference, independent third-party dealers and/or franchisees of U.S. producers perform the majority of retreading operations.[18] The reported revenues and operating income are not insignificant (revenues are approximately *** percent of industry total net sales in 2015 while operating income from retread operations is approximately *** percent of total industry operating income in that year). ***, [19] which are shown in table VI-4.

Table VI-4
Truck and bus tires: Results of U.S. producers' retread operations, 2013-15

* * * * * * *

Variance analysis

A variance analysis for the operations of U.S. producers of truck and bus tires is presented in table VI-5.[20] The information for this variance analysis is derived from table VI-1. A variance analysis is a method to assess the changes in profitability from period to period by measuring the impact of changes in the relationships between price, cost, and volume. A

[17] The Commission's questionnaire instructed responding firms not to include retreading operations in reported financial data (tables VI-1 and VI-2), instead to respond to a separate question, section III-9e. Retreading a tire is described in petitioners' postconference brief, answer to staff question #5.

[18] Petitioner stated that retreaded tires are outside the scope of the investigation and the USW does not represent workers in retreading operations and has limited familiarity with the production of retreaded tires. The production of retread truck and bus tires appears to be significant with 14.8 million retreaded tires reported produced in the United States in 2015. Petitioners' postconference brief, p. 12 and exh. 6 (which lists 14.6 million retreaded truck tires). Petitioners' counsel stated at the staff conference that there are 680 retread producers in the United States. Conference transcript, p. 13 (Stewart).

[19] ***. The Commission received data from ***.

[20] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

calculation is made of the impact of each factor by varying only that factor while holding all other factors constant. The components of net sales variances are either favorable (positive), resulting in an increase in net sales and profitability or unfavorable (negative) resulting in the opposite. As the data depict, operating income fell between each of the periods. Between 2013 and 2015, operating income and net income both increased attributable to a favorable net cost/expense variance (unit costs decreased) and a favorable volume variance that, combined, were greater than the unfavorable price variance (unit prices declined).

Table VI-5
Truck and bus tires: Variance analysis on the operations of U.S. producers, 2013-15

Item	Between fiscal years		
	2013-15	2013-14	2014-15
	Value (1,000 dollars)		
Net sales:			
Price variance	(501,923)	(234,156)	(271,518)
Volume variance	141,211	213,077	(68,115)
Net sales variance	(360,712)	(21,079)	(339,633)
COGS:			
Price variance	465,423	173,297	294,902
Volume variance	(98,938)	(149,290)	47,576
COGS variance	366,485	24,007	342,478
Gross profit variance	5,773	2,928	2,845
SG&A expenses:			
Cost/expense variance	34,290	29,065	5,691
Volume variance	(16,320)	(24,626)	7,840
Total SG&A expense variance	17,970	4,439	13,531
Operating income variance	23,743	7,367	16,376
Summarized (at the operating income level) as:			
Price variance	(501,923)	(234,156)	(271,518)
Net cost/expense variance	499,713	202,362	300,593
Net volume variance	25,953	39,161	(12,699)
Financial expenses:			
Cost/expense variance	(9,974)	6,312	(16,185)
Volume variance	(2,648)	(3,995)	1,246
Total SG&A expense variance	(12,622)	2,317	(14,939)
Net income variance	11,121	9,684	1,437
Summarized (at the net income level) as:			
Price variance	(501,923)	(234,156)	(271,518)
Net cost/expense variance	489,739	208,674	284,408
Net volume variance	23,305	35,166	(11,452)

Note.—These data are derived from the data in table VI-1. Unfavorable variances are shown in parentheses, all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

In accounting terms, capital expenditures increase the value of specific plant and equipment and total assets, while charges for depreciation and amortization (in the case of intangible assets), impairments, and divestitures (or retirement or abandonment of property) decrease the value of assets. Capital expenditures are made and research and development ("R&D") expenses are incurred to achieve improvements in equipment or reduce operating costs and the quality of products produced. Table VI-6a presents capital expenditures and R&D expenses by firm.[21]

Table VI-6a
Truck and bus tires: Capital expenditures and R&D expenses of U.S. producers, by firm, 2013-15

Item	Fiscal year		
	2013	2014	2015
	Capital expenditures (1,000 dollars)		
Bridgestone	***	***	***
Continental	***	***	***
Goodyear	***	***	***
Michelin	***	***	***
Total	137,913	218,053	157,926
	R&D expenses (1,000 dollars)		
Bridgestone	***	***	***
Continental	***	***	***
Goodyear	***	***	***
Michelin	***	***	***
Total	45,789	46,627	42,932

Source: Compiled from data submitted in response to Commission questionnaires.

Capital expenditures increased irregularly from 2013 to 2015. R&D expenses decreased somewhat between 2013 and 2015. The Commission's questionnaire asked firms to indicate the nature, focus, and significance of their capital expenditures on the subject product. Their responses are presented in table VI-6b.

[21] *** reported that it made capital expenditures of $*** and incurred R&D expenses of $*** in 2015. Email from ***.

Table VI-6b
Truck and bus tires: Firms' narrative responses on the nature, focus, and significance of their capital expenditures and R&D expenses

* * * * * * *

ASSETS AND RETURN ON INVESTMENT

The Commission's questionnaire requested firms to provide data on their total assets, current and non-current, associated with the production, warehousing, and sale of truck and bus tires. Table VI-7 presents data on the U.S. producers' total assets as well as the ratios of operating income or (loss) and net income or (loss) to total assets.[22] The value of total net assets increased from 2013 to 2015 by approximately $62.6 million, equivalent to 5.6 percent. The ratios of operating income and net income to total assets remained at high levels during the three years, 2013 to 2015.

Table VI-7
Tuck and bus tires: U.S. producers' total assets and ratio of operating and net income to total net assets, by firm, 2013-15

Firm	Fiscal years		
	2013	2014	2015
Total net assets (1,000 dollars)			
Bridgestone	***	***	***
Continental	***	***	***
Goodyear	***	***	***
Michelin	***	***	***
Total net assets	1,112,894	1,200,899	1,175,541
Ratio of operating income to assets (percent)			
Bridgestone	***	***	***
Continental	***	***	***
Goodyear	***	***	***
Michelin	***	***	***
Average	70.6	66.0	68.8
Ratio of net income to assets (percent)			
Bridgestone	***	***	***
Continental	***	***	***
Goodyear	***	***	***
Michelin	***	***	***
Average	63.4	59.5	60.9

Source: Compiled from data submitted in response to Commission questionnaires.

[22] *** reported that its assets totaled $*** as of December 31, 2015. The firm further stated that the "***." Email from ***.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of truck and bus tires to describe any actual or potential negative effects of imports of truck and bus tires from China on their firms' growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments. Tables VI-8 tabulates the responses on actual negative effects on investment, growth, and development; tables VI-9 and VI-10 presents firms' narrative responses on actual negative effects on investment, and growth and development, respectively. Table VI-11 presents the comments by firms on anticipated negative effects of the subject imports.

Table VI-8
Truck and bus tires: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2013

* * * * * * *

Actual negative effects

Table VI-9
Truck and bus tires: U.S. producers' narrative responses on negative effects on investment since January 1, 2013

* * * * * * *

Table VI-10
Truck and bus tires: U.S. producers' narrative responses on negative effects on growth and development since January 1, 2013

* * * * * * *

Anticipated negative effects

Table VI-11
Truck and bus tires: U.S. producers' narrative responses on anticipated negative effects of imports

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*
>
> *(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 64 firms believed to produce and/or export truck and bus tires from China.[3] Useable responses to the Commission's questionnaire were received from 41 firms.[4] Table VII- 1 presents information on the responding truck and bus tires producers in China.

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[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

[3] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records. While the petition listed other possible producers in China, sufficient contact information was not provided for these firms. Rubber and Plastics News lists 73 possible producers of truck and bus tires in China. Rubber and Plastics News, Global Tire Report 2015.

[4] One firm, *** an exporter, reported exports (***) but no associated production. In addition, the firm reported exports to the United States for which the Chinese producer, *** also reported. These exports reported by the exporter were removed.

Table VII-1
Truck and bus tires: Data for producers in China, 2015

Firm	Production (1,000 tires)	Share of reported production (percent)	Exports to the United States (1,000 tires)	Share of reported exports to the United States (percent)	Total shipments (1,000 tires)	Share of firm's total shipments exported to the United States (percent)
Aeolus Tyre Co., Ltd.	***	***	***	***	***	***
Bayi Rubber Co., Ltd	***	***	***	***	***	***
Bridgestone (China) Investment Co., Ltd.	***	***	***	***	***	***
Chaoyang Long March Tyre Co.,Ltd	***	***	***	***	***	***
ChemChina Guilin Tire Co Ltd	***	***	***	***	***	***
Double Coin Holdings Ltd.	***	***	***	***	***	***
Doublestar-Dongfeng Tyre Co Ltd	***	***	***	***	***	***
Giti Tire Group	***	***	***	***	***	***
Goodyear Dalian Tire Company Limited	***	***	***	***	***	***
Guizhou Tyre Co.LTD	***	***	***	***	***	***
Jiangsu General Science Technology Co.,ltd	***	***	***	***	***	***
Jiangsu Hankook Tire Co., Ltd.	***	***	***	***	***	***
Longkou Xinglong Tyre Co., Ltd.	***	***	***	***	***	***
Michelin Shenyang Tire Company Ltd.	***	***	***	***	***	***
Pirelli Tyre Co.,LTD	***	***	***	***	***	***
Prinx Chengshan(shandong) Tire Co.,ltd	***	***	***	***	***	***
Qingdao Doublestar Tire Industrial Co.,Ltd	***	***	***	***	***	***
Qingdao Fudong Tyre Co., Ltd.	***	***	***	***	***	***
Qingdao Jinhaoyang International Co., Ltd.	***	***	***	***	***	***
Sailun Jinyu Group Co., Ltd.	***	***	***	***	***	***
Shaanxi Yanchang Petroleum Group Rubber Co.,Ltd	***	***	***	***	***	***
Shandong Hawk International Rubber Industry Co., Ltd.	***	***	***	***	***	***
Shandong Hengfeng Rubber & Plastic Co.,Ltd	***	***	***	***	***	***
Shandong Hengyu Science & Technology Co., Ltd	***	***	***	***	***	***
Shandong Huasheng Rubber Co.,Ltd	***	***	***	***	***	***
Shandong Jinyu Tire Co., Ltd	***	***	***	***	***	***
Shandong Province Sanli Tire Manufactured Co., Ltd.	***	***	***	***	***	***
Shandong Wanda Boto Tyre Co.,Ltd.	***	***	***	***	***	***
Shandong Wanshine Tire Co.,Ltd	***	***	***	***	***	***
Shandong Xingyuan International Trading Co.,Ltd.	***	***	***	***	***	***
Shandong Yongfeng Tyres Co.,Ltd	***	***	***	***	***	***
Shandong Yongtai Group Co., Ltd	***	***	***	***	***	***
Shengtai Group Co.,Ltd	***	***	***	***	***	***
Sichuan Kalevei Technology Co., Ltd.	***	***	***	***	***	***
Sichuan Tyre & Rubber Co., Ltd.	***	***	***	***	***	***
Toyo Tire & Rubber Co., Ltd.	***	***	***	***	***	***
Triangle Tyre Co.,Ltd	***	***	***	***	***	***
Weifang Shunfuchang Rubber and Plastic Products Co.,Ltd	***	***	***	***	***	***
Weihai Ping'an Tyre Co., Ltd.	***	***	***	***	***	***
Wendeng Sanfeng Tyre Co.,Ltd.	***	***	***	***	***	***
Zhongce Rubber Group Company Limited	***	***	***	***	***	***
Total	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Changes in operations

As presented in table VII-2 producers in China reported several operational and organizational changes since January 1, 2013.

Table VII-2
Truck and bus tires: Chinese producers' reported changes in operations, since January 1, 2013

* * * * * * *

Operations on truck and bus tires

Table VII-3 presents information on the truck and bus tires operations of the responding producers and exporters in China. Production capacity increased 7.5 million tires (8.3 percent) and production increased 2.3 million tires (2.8 percent) between 2013 and 2015. *** accounted for the largest increase in capacity (*** tires) and production (*** tires), followed by ***. Exports to the United States increased 38.7 percent (2.2 million tires) between 2013 and 2015 and were projected to decrease 1.6 percent (132,000 tires) between 2015 and 2017. All but two Chinese producers (***) exported to the United States between 2013 and 2015. As a share of total shipments, export to the United States increased 2.4 percentage points between 2013 and 2015.

Table VII-3
Truck and bus tires: Data for producers in China, 2013-15 and projected 2016-17

Item	Actual experience			Projections	
	Calendar year				
	2013	2014	2015	2016	2017
	Quantity (1,000 tires)				
Capacity	90,482	99,324	98,013	96,067	96,755
Production	79,551	86,110	81,811	83,813	85,466
End-of-period inventories	7,889	10,537	10,101	9,209	8,556
Shipments:					
Home market shipments:					
Internal consumption/ transfers	8,197	7,336	7,114	7,034	7,192
Commercial shipments	42,510	42,264	39,623	40,312	41,625
Subtotal, home market shipments	50,707	49,600	46,737	47,346	48,817
Export shipments to:					
United States	5,752	8,010	7,976	7,933	7,844
All other markets	23,021	26,280	28,045	29,835	29,948
Total exports	28,773	34,290	36,021	37,768	37,792
Total shipments	79,480	83,890	82,758	85,114	86,609
	Ratios and shares (percent)				
Capacity utilization	87.9	86.7	83.5	87.2	88.3
Inventories/production	9.9	12.2	12.3	11.0	10.0
Inventories/total shipments	9.9	12.6	12.2	10.8	9.9
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	10.3	8.7	8.6	8.3	8.3
Home market shipments	53.5	50.4	47.9	47.4	48.1
Subtotal, home market shipments	63.8	59.1	56.5	55.6	56.4
Export shipments to:					
United States	7.2	9.5	9.6	9.3	9.1
All other markets	29.0	31.3	33.9	35.1	34.6
Total exports	36.2	40.9	43.5	44.4	43.6
Total shipments	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Alternative products

As shown in table VII-4, responding Chinese firms produced other products on the same equipment and machinery used to produce truck and bus tires. Ten firms produced PVLT, 5 produced OTR, and 5 produced other products.[5]

[5] These products included motorcycle, agricultural, and industrial tires.

Table VII-4
Truck and bus tires: Chinese producers' overall capacity and production on the same equipment as subject production, 2013-15

* * * * * * *

Exports

According to Global Trade Atlas ("GTA"), the top market for truck and bus tires from China is the United States (19.1 percent in 2015), followed by two countries in the Middle East (United Arab Emirates and Saudi Arabia), and Mexico (table VII-5).

Table VII-5
Truck and bus tires: Chinese exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Quantity (short tons)		
China's exports to the United States	503,854	723,840	658,973
China's exports to other major destination markets.--United Arab Emirates	150,403	167,515	164,007
Saudi Arabia	150,387	132,579	156,846
Mexico	90,313	134,976	152,125
Australia	92,106	98,807	97,220
Pakistan	79,301	68,370	81,930
Russia	160,614	149,231	76,156
India	24,017	38,153	74,829
Iran	26,012	65,802	73,331
Nigeria	82,868	70,900	71,959
Canada	48,901	56,805	63,903
Algeria	34,489	58,593	62,001
All other destination markets	1,499,882	1,707,683	1,716,289
Total China exports	2,943,146	3,473,253	3,449,568
	Value ($1,000)		
China's exports to the United States	1,449,725	1,850,232	1,484,497
China's exports to other major destination markets.--United Arab Emirates	383,263	367,747	297,743
Saudi Arabia	380,434	286,967	275,086
Mexico	255,331	330,371	331,683
Australia	273,794	262,555	223,698
Pakistan	213,815	161,632	163,285
Russia	422,703	352,147	145,026
India	63,215	87,092	148,305
Iran	67,573	154,179	140,607
Nigeria	211,438	160,693	134,174
Canada	137,253	140,290	138,178
Algeria	89,970	137,374	121,856
All other destination markets	4,184,008	4,226,709	3,641,932
Total China exports	8,132,520	8,517,986	7,246,070

Table continued on next page.

Table VII-5--*Continued*
Truck and bus tires: Chinese exports by destination market, 2013-15

Item	Calendar year		
	2013	2014	2015
	Unit value (dollars per short ton)		
China's exports to the United States	2,877	2,556	2,253
China's exports to other major destination markets.--			
United Arab Emirates	2,548	2,195	1,815
Saudi Arabia	2,530	2,165	1,754
Mexico	2,827	2,448	2,180
Australia	2,973	2,657	2,301
Pakistan	2,696	2,364	1,993
Russia	2,632	2,360	1,904
India	2,632	2,283	1,982
Iran	2,598	2,343	1,917
Nigeria	2,552	2,266	1,865
Canada	2,807	2,470	2,162
Algeria	2,609	2,345	1,965
All other destination markets	2,790	2,475	2,122
Total China exports	2,763	2,452	2,101
	Share of quantity (percent)		
China's exports to the United States	17.1	20.8	19.1
China's exports to other major destination markets.--			
United Arab Emirates	5.1	4.8	4.8
Saudi Arabia	5.1	3.8	4.5
Mexico	3.1	3.9	4.4
Australia	3.1	2.8	2.8
Pakistan	2.7	2.0	2.4
Russia	5.5	4.3	2.2
India	0.8	1.1	2.2
Iran	0.9	1.9	2.1
Nigeria	2.8	2.0	2.1
Canada	1.7	1.6	1.9
Algeria	1.2	1.7	1.8
All other destination markets	51.0	49.2	49.8
Total China exports	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of truck and bus tires. Imports increased 96.6 percent during 2013-15, and as a ratio to U.S. imports increased 3.8 percentage points. Inventories of imports from all other sources increased 86.7 percent during 2013-15, and as a ratio to U.S. imports increased 6 percentage points. U.S. producers accounted for the majority of the inventories of imports from all other sources over this period.

Table VII-6
Truck and bus tires: U.S. importers' inventories, by source, 2013-15

Item	Calendar year		
	2013	2014	2015
Imports from China:			
Inventories (1,000 tires)	472	703	928
Ratio to U.S. imports (percent)	10.9	12.3	14.7
Ratio to U.S. shipments of imports (percent)	11.5	13.5	15.7
Ratio to total shipments of imports (percent)	11.0	12.8	15.2
Imports from all other sources:			
Inventories (1,000 tires)	640	903	1,195
Ratio to U.S. imports (percent)	16.7	19.4	22.7
Ratio to U.S. shipments of imports (percent)	17.4	21.1	24.7
Ratio to total shipments of imports (percent)	16.5	20.1	23.6
Imports from all import sources:			
Inventories (1,000 tires)	1,112	1,606	2,123
Ratio to U.S. imports (percent)	13.6	15.5	18.3
Ratio to U.S. shipments of imports (percent)	14.3	16.9	19.8
Ratio to total shipments of imports (percent)	13.6	16.1	19.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTERS' OUTSTANDING ORDERS

As presented in table VII-7, twenty-four firms arranged for the importation of truck and bus tires from China and ten arranged from sources other than China after December 31, 2015.

Table VII-7
Truck and bus tires: Arranged imports, January 2016 through December 2016

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The Commission asked questionnaire recipients to identify whether the products subject to the proceedings have been the subject of any other import relief proceedings in the United States or in any other countries. Information obtained from such requests is presented in table VII-8.

Table VII-8
Truck and bus tires: Import relief proceedings in third-country markets

Export market	Subject country	Date/measure
Brazil	China	June 2009: AD duties ($1.12 to $2.59 per kilogram) on tires of radial construction (20", 22" and 22.5" diameter) used for buses and trucks. April 2015: AD duties continued.
Columbia	China	June 2013: AD duties (on difference to base price of $5.37 per kilogram) on radial tires heading 4011.20.10.00.
Eurasian Economic Commission (including Kazakhstan, Belarus, Russia)	China	November 2015: AD duties on Chinese new truck tires from 14.79 to 35.35 percent. These investigations were initiated on September 2014 on new truck tires, from China, of both tubular and tubeless modifications (tire casings) featuring a rim diameter of 17.5 to 24.5 inches, speed category index of F (80 km/h) to H (210 km/h), and load index of over 115 intended for use on various axles of trucks, buses, trolleybuses, dump trucks, trailers, and semitrailers.
Egypt	China and India	February 2014: AD duties (3.8 to 60 percent of CIF value) on imports of tires for buses and lorries from China.
Turkey	China	June 2011: AD duties (60 percent of CIF value) on imports of new pneumatic tires, of rubber, from China.
India	China	August 2015: Initiated AD investigations on bus and truck radial tires.

Source: Compiled from data submitted in response to Commission questionnaires; http://www.globaltradealert.org/measure/brazil-imposition-and-subsequent-extension-antidumping-duty-imports-truck-tires-china; http://www.eurasiancommission.org/en/nae/news/Pages/10-09-2014-1.aspx; http://www.exceltyres.com/news/shownews.php?lang=en&id=252; http://www.dipp.nic.in/English/questions/05082015/ru1768.pdf; http://www.globaltradealert.org/measure/turkey-extension-antidumping-duty-imports-new-pneumatic-tyres-rubber-china; http://www.globaltradealert.org/measure/egypt-extension-antidumping-duty-imports-tyres-buses-and-lorries-china-and-india; and http://www.stockmarkettodayblog.com/2013/06/14/colombia-china-tire-final-anti-dumping.html.

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[6]

The data in table VII-9 detail global export values and percentages of unmounted truck and bus tire exports by subject country China and nonsubject countries, together with exports from the United States. China, the United States, and Japan were the top three exporting countries in order of importance, and in 2014 accounted for $12.5 billion or 46.8 percent of the global total shipment value of $26.8 billion, while China alone accounted for 31.8 percent of the total.

Global exports fell 3.2 percent, from $27.7 billion in 2012 to $26.8 billion in 2014. In comparison, the top 10 nonsubject countries' exports identified during this period declined 8.9 percent, from $11.2 billion or 40.4 percent of total exports in 2012, to $10.2 billion or 38.1 percent of the global total in 2014, representing a loss in market share of 2.3 percentage points. During the same period, subject country export shipments from China increased 4.9 percent, from $8.1 billion in 2012 or 29.1 percent of total exports, to $8.5 billion, or 31.8 percent of the global total in 2014, a market share gain of 2.7 percentage points. Japan experienced the largest decline amongst the top 10 nonsubject countries identified, a $0.5 billion, 24.0 percent decline during the 2012-14 period, and a 1.5 percentage point decline in total global export market share from 7.1 percent in 2012 to 5.6 percent in 2014. South Korea also experienced an export decline of $0.3 billion, 19 percent, and a loss in market share of 0.9 percentage points from 5.7 to 4.9 percent. Slovakia and Thailand increased exports, Slovakia the largest with a $0.2 billion, 19 percent increase and 0.7 percentage point increase in market share from 3.2 to 3.9 percent. Thailand's exports increased modestly, while its market share improved by 0.3 percentage points from 3.8 to 4.1 percent. Other declines in selected top 10 nonsubject countries were relatively more moderate. Other countries outside the top 10 nonsubject exporting countries accounted for an aggregate loss of market share of 0.8 percentage points, from 21.6 percent in 2012 to 20.8 percent in 2014.

[6] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

Table VII-9
Truck and bus tires: Global exports by exporter, 2012-14

Item	Calendar year		
	2012	2013	2014
	Value ($1,000)		
United States	2,444,701	2,240,607	2,500,742
China	8,056,444	8,132,520	8,517,986
All other major exporting countries.--Japan	1,969,737	1,560,382	1,497,660
Germany	1,386,382	1,368,391	1,299,843
South Korea	1,572,176	1,416,193	1,278,117
Thailand	1,045,830	1,137,545	1,101,049
Canada	1,211,712	1,138,826	1,081,364
Slovakia	890,044	1,024,946	1,055,039
Spain	903,369	908,307	807,016
Poland	757,057	838,498	764,726
France	839,808	825,466	705,940
India	665,133	625,036	577,150
All other exporting countries.	5,974,634	6,016,211	5,573,001
Total global exports	27,717,026	27,232,928	26,759,634
	Share of value (percent)		
United States	8.8	8.2	9.3
China	29.1	29.9	31.8
All other major exporting countries.--Japan	7.1	5.7	5.6
Germany	5.0	5.0	4.9
South Korea	5.7	5.2	4.8
Thailand	3.8	4.2	4.1
Canada	4.4	4.2	4.0
Slovakia	3.2	3.8	3.9
Spain	3.3	3.3	3.0
Poland	2.7	3.1	2.9
France	3.0	3.0	2.6
India	2.4	2.3	2.2
All other exporting countries.	21.6	22.1	20.8
Total global exports	100.0	100.0	100.0

Note.--Quantity data are not reported since there is no consistent unit used across reporting countries. Some report in units or pieces, others in weight measures such as metric tons.
Note.--2012 data included to parallel global trade statistics for which full year 2015 is not available for all reporting national statistical authorities.

Source: Official exports statistics under HTS subheading 4011.20 as reported by various national statistical authorities in the GTIS/GTA database, accessed February 10, 2016.

The global tire industry is made up of large multinational producers that are active throughout the world, with plants located in both the developed and developing nations. Strategic supplies of natural rubber integral to the production of truck and bus tires are situated near the equator in many of the Asian countries, including Malaysia, Indonesia, Thailand, India, China, and Sri Lanka; there is also significant production in Brazil and several West African countries.[7] Tire plants of one form or another are also found in all of these countries. Large global tire plants in many regions of the world have the capability to produce a variety of tires, including passenger car, truck and bus, and certain OTR tires, depending on logistics, demand, and affiliation. The most recent global new tire sales data are presented in table VII-10.

Global new tire sales figures for all types of tires as reported by some 75 international firms reflect an approximate 3.5 percent decline in overall sales, from $186.5 billion in 2013 to $179.9 billion in 2014. The 15 leading firms in tire sales in 2014 accounted for about 73 percent of the global total. These sales were led by Bridgestone headquartered in Japan, Michelin headquartered in France, and Goodyear headquartered in the United States. These firms' sales in aggregate were reported about $67 billion or 51 percent of the top 15 leading global tire manufacturer sales, and some 37 percent of the global total. The next largest producers were Continental headquartered in Germany, Pirelli headquartered in Italy, Sumitomo headquartered in Japan, and Hankook headquartered in Korea, which accounted for another $33 billion or about 25 percent of sales by the top 15 tire producers.

[7] International Rubber Study Group (IRSG) data, 2015.

Table VII-10
Truck and bus tires: Global leaders of all types of new tire sales by firm, 2013-14

2014 Rank	Firm and headquarters location	Estimated value of tire sales ($ million)		Share of global sales
		2013	2014	2014
1	Bridgestone Corp., Tokyo, Japan [1]	27,390	26,045	14.5
2	Group Michelin, Clermont-Ferrand, France	25,545	24,669	13.7
3	Goodyear Tire & Rubber Co., Akron, OH [2]	17,586	16,355	9.1
4	Continental A.G., Hanover, Germany	11,150	11,875	6.6
5	Pirelli & C. S.p.A., Milan, Italy [3 7]	8,007	7,992	4.4
6	Sumitomo Rubber Industries Ltd., Kobe, Japan [2 4]	6,971	6,918	3.8
7	Hankook Tire Co. Ltd., Seoul, South Korea	6,868	6,201	3.4
8	Yokohama Rubber Co. Ltd., Tokyo, Japan [5]	4,916	4,703	2.6
9	Maxxis International/Cheng Shin Rubber, Yuanlin, Taiwan	4,769	4,441	2.5
10	Zhongce Rubber Group Co. Ltd., Hangzhou, China	4,529	4,119	2.3
11	Giti Tire Pte. Ltd., Singapore [6]	3,756	3,474	1.9
12	Cooper Tire & Rubber Co., Findlay, OH	3,439	3,425	1.9
13	Kumho Tire Co. Inc., Seoul, South Korea [5]	3,419	3,240	1.8
14	Toyo Tire & Rubber Co. Ltd., Osaka, Japan	2,970	2,959	1.6
15	Triangle Group Co., Ltd., Shandong, China	2,712	2,870	1.6
	Subtotal	134,027	131,300	73.0
	All others	52,473	48,600	27.0
	Total	186,500	179,900	100.0

[1] Bridgestone owns 16 percent of Nokian Tyres P.L.C. (No. 19 on 2014 ranking) and 44 percent of Turkey's BRISA/Bridgestone (No. 35).

[2] Goodyear and Sumitomo operate 75/25 joint ventures in North America and Western Europe, incorporating Sumitomo's Dunlop-related tire activities in those regions. Companies completed negotiations designed to end to the joint venture by year-end 2015.

[3] Pirelli sold its steel cord business ($410 million annual sales), 1st quarter 2015, to Bekaert S.A.

[2 4] Sumitomo acquired Dunlop assets in Africa, including Ladysmith, South Africa, plant from Apollo Tyres (No. 17 on 2013 ranking); $180 million sales.

[5] Yokohama and Kumho (No. 13) are participating in a joint R&D agreement.

[6] Giti's 2013-14 sales include revenue for P.T. Gajah Tunggal of Indonesia, in which Giti owns a 49.7 percent stake; Michelin also owns a 10 percent share of Gajah Tunggal.

[7] Pirelli, through a joint venture with Russian Technologies, owns an option to buy into or merge with Nizhnekamskshina.

Note.-- Where possible, non-tire revenue from company-owned retail operations is excluded.

Source: Rubber and Plastic News, September 7, 2015.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
81 FR 6042 February 4, 2016	*Truck and Bus Tires From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-04/pdf/2016-02066.pdf
81 FR 9428 February 25, 2016	*Truck and Bus Tires From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-25/pdf/2016-04060.pdf
81 FR 9434 February 25, 2016	*Truck and Bus Tires From the People's Republic of China: Initiation of Antidumping Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2016-02-25/pdf/2016-04060.pdf

APPENDIX B

CALENDAR OF THE PUBLIC STAFF CONFERENCE

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Truck and Bus Tires from China

Inv. Nos.: 701-TA-556 and 731-TA-1311 (Preliminary)

Date and Time: February 19, 2016 - 9:45 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

OPENING REMARKS:

Respondents (**Ned H. Marshak**, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP)
Petitioner (**Terence P. Stewart**, Stewart and Stewart)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

Institute of International Container Lessors, Ltd. ("IICL")

and

Guizhou Tyre Co., Ltd., Guizhou Tyre Import and
Export Co., Ltd., GTC North America, Inc. Aeolus
Tyre Co., Ltd., Tyres International, Sub-Committee
of Tire Producers of the China Chamber of Commerce
Metals, Minerals & Chemical Importers and the China
Rubber Industry Association ("Chinese Producer/Exporters")

Steve Blust, President, IICL

Dan Jackson, Senior Tire Manager, TRAC Intermodel

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Gregg F. Carpene, Executive Vice President and Chief Legal Officer, TRAC Intermodal

Bernie Vaughn, Chief Legal Officer and Executive Vice President of Administration, Flex-Van Leasing, Inc.

Ned H. Marshak)
) – OF COUNSEL
Andrew T. Schutz)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Stewart and Stewart
Washington, DC
on behalf of

United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW")

Stan Johnson, International Secretary-Treasurer, USW

Billy Wright, President, USW Local 1155

Jody Juarez, President, USW Local 307

Thomas O'Shei, President USW Local 135

Katrina Pirner, Trade Consultant, Stewart and Stewart

Kenneth Button, Senior Vice President, Economic Consulting Service

Jennifer Lutz, Senior Economist, Economic Consulting Service

Emma Peterson, Staff Economist, Economic Consulting Service

Terence P. Stewart)
Elizabeth J. Drake)
) – OF COUNSEL
Philip A. Butler)
Jennifer M. Smith)

REBUTTAL/CLOSING REMARKS:

Respondents (**Ned H. Marshak**, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP)
Petitioner (**Elizabeth J. Drake**, Stewart and Stewart)

APPENDIX C

SUMMARY DATA

Table C-1
Truck and bus tires: Summary data concerning the U.S. market, 2013-15
(Quantity=1,000 tires; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per tire; Period changes=percent--exceptions noted)

	Report data			Period changes		
	Calendar year			Calendar year		
	2013	2014	2015	2013-15	2013-14	2014-15
U.S. consumption quantity:						
Amount	21,991	25,509	26,505	20.5	16.0	3.9
Producers' share (fn1)	53.6	48.4	45.6	(8.0)	(5.2)	(2.8)
Importers' share (fn1):						
China	28.5	33.0	33.6	5.1	4.5	0.6
All others sources	17.9	18.6	20.8	3.0	0.8	2.2
Total imports	46.4	51.6	54.4	8.0	5.2	2.8
U.S. consumption value:						
Amount	5,721,412	6,117,969	5,925,437	3.6	6.9	(3.1)
Producers' share (fn1)	64.5	60.0	57.0	(7.4)	(4.4)	(3.0)
Importers' share (fn1):						
China	17.2	19.8	20.5	3.3	2.6	0.7
All others sources	18.3	20.1	22.5	4.1	1.8	2.3
Total imports	35.5	40.0	43.0	7.4	4.4	3.0
U.S. imports from:						
China:						
Quantity	6,276	8,420	8,908	41.9	34.2	5.8
Value	982,855	1,212,704	1,213,172	23.4	23.4	0.0
Unit value	$157	$144	$136	(13.0)	(8.0)	(5.4)
Ending inventory quantity	472	703	928	97	49	32
All other source:						
Quantity	3,927	4,747	5,515	40.4	20.9	16.2
Value	1,049,854	1,232,641	1,332,168	26.9	17.4	8.1
Unit value	$267	$260	$242	(9.6)	(2.9)	(7.0)
Ending inventory quantity	640	903	1,195	87	41	32
Total imports:						
Quantity	10,203	13,166	14,423	41.4	29.0	9.5
Value	2,032,710	2,445,345	2,545,340	25.2	20.3	4.1
Unit value	$199	$186	$176	(11.4)	(6.8)	(5.0)
Ending inventory quantity	1,112	1,606	2,123	91	44	32
U.S. producers':						
Average capacity quantity	16,284	16,435	15,812	(2.9)	0.9	(3.8)
Production quantity	13,650	14,522	14,791	8.4	6.4	1.9
Capacity utilization (fn1)	83.8	88.4	93.5	9.7	4.5	5.2
U.S. shipments:						
Quantity	11,788	12,343	12,082	2.5	4.7	(2.1)
Value	3,688,702	3,672,624	3,380,097	(8.4)	(0.4)	(8.0)
Unit value	$313	$298	$280	(10.6)	(4.9)	(6.0)
Export shipments:						
Quantity	1,883	2,006	2,041	8.4	6.5	1.7
Value	616,481	611,005	563,637	(8.6)	(0.9)	(7.8)
Unit value	$327	$305	$276	(15.6)	(7.0)	(9.3)
Ending inventory quantity	2,275	2,296	3,001	31.9	0.9	30.7
Inventories/total shipments (fn1)	16.6	16.0	21.2	4.6	(0.6)	5.2
Production workers	6,378	6,328	6,423	0.7	(0.8)	1.5
Hours worked (1,000s)	13,949	13,867	14,048	0.7	(0.6)	1.3
Wages paid ($1,000)	315,507	331,838	337,610	7.0	5.2	1.7
Hourly wages (dollars)	$22.62	$23.93	$24.03	6.3	5.8	0.4
Productivity (tires per 1,000 hour)	978.6	1,047.2	1,052.9	7.6	7.0	0.5
Unit labor costs	$23.11	$22.85	$22.83	(1.2)	(1.1)	(0.1)
Net Sales:						
Quantity	13,555	14,231	14,003	3.3	5.0	(1.6)
Value	4,272,567	4,251,488	3,911,855	(8.4)	(0.5)	(8.0)
Unit value	$315	$299	$279	(11.4)	(5.2)	(6.5)
Cost of goods sold (COGS)	2,993,532	2,969,525	2,627,047	(12.2)	(0.8)	(11.5)
Gross profit or (loss)	1,279,035	1,281,963	1,284,808	0.5	0.2	0.2
SG&A expenses	493,790	489,351	475,820	(3.6)	(0.9)	(2.8)
Operating income or (loss)	785,245	792,612	808,988	3.0	0.9	2.1
Net income or (loss)	705,133	714,817	716,254	1.6	1.4	0.2
Capital expenditures	137,913	218,053	157,926	14.5	58.1	(27.6)
Unit COGS	$221	$209	$188	(15.1)	(5.5)	(10.1)
Unit SG&A expenses	$36	$34	$34	(6.7)	(5.6)	(1.2)
Unit operating income or (loss)	$58	$56	$58	(0.3)	(3.9)	3.7
Unit net income or (loss)	$52	$50	$51	(1.7)	(3.4)	1.8
COGS/sales (fn1)	70.1	69.8	67.2	(2.9)	(0.2)	(2.7)
Operating income or (loss)/sales (fn1)	18.4	18.6	20.7	2.3	0.3	2.0
Net income or (loss)/sales (fn1)	16.5	16.8	18.3	1.8	0.3	1.5

Notes:

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Official U.S. import statistics (see part IV for a detailed discussion) and compiled from data submitted in response to Commission questionnaires.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

*** importers reported price data for Canada for products 1, 2, 3, and 4. Price data reported by these firms accounted for less than *** percent of U.S. commercial shipments of imports from Canada. These price items and accompanying data are comparable to those presented in tables V-3 to V-6. Price and quantity data for Canada are shown in tables D-1 to D-4 and in figures D-1 to D-8 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from Canada were lower than prices for U.S.-produced product in 24 instances and higher in 22 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from Canada were lower than prices for product imported from subject countries in 6 instances and higher in 31 instances. A summary of price differentials is presented in table D-5.

Table D-1

Truck and bus tires: Weighted-average f.o.b. prices and quantities of imported product 1[1], by quarters, January 2013-December 2015

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Table D-2

Truck and bus tires: Weighted-average f.o.b. prices and quantities of imported product 2[1], by quarters, January 2013-December 2015

* * * * * * *

Table D-3

Truck and bus tires: Weighted-average f.o.b. prices and quantities of imported product 3[1], by quarters, January 2013-December 2015

* * * * * * *

Table D-4

Truck and bus tires: Weighted-average f.o.b. prices and quantities of imported product 4[1], by quarters, January 2013-December 2015

* * * * * * *

Figure D-1

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure D-2

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Figure D-3

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure D-4

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Figure D-5

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure D-6

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Figure D-7

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 to OEM, by quarters, January 2013-December 2015

* * * * * * *

Figure D-8

Truck and bus tires: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 to aftermarket, by quarters, January 2013-December 2015

* * * * * * *

Table D-5

Truck and bus tires: Summary of underselling/(overselling), by country, January 2013-December 2015

Comparison	Total number of comparisons	Underselling		Overselling	
		Number of quarters	Quantity (tires)	Number of quarters	Quantity (short tons)
Nonsubject vs United States.--					
Canada OEM vs. United States OEM	16	0	***	16	***
Canada Aftermarket vs. United States Aftermarket	30	24	***	6	***
Nonsubject vs Subject.--					
Canada OEM vs. China OEM	7	1	***	6	***
Canada Aftermarket vs. China Aftermarket	30	5	***	25	***

Source: Compiled from data submitted in response to Commission questionnaires.