UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	)	**Investigation Nos.:**
CERTAIN NEW PNEUMATIC OFF-THE-ROAD-TIRES	)	**701-TA-551-553 AND**
FROM CHINA, INDIA, AND SRI LANKA	)	**731-TA-1307-1308**
	)	**(PRELIMINARY)**

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INDIA, AND SRI LANKA	) (PRELIMINARY)

Hearing Room B
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Friday, January 29, 2016

The meeting commenced pursuant to notice at 9:30 a.m., before the Investigative Staff of the United States International Trade Commission, Michael Anderson, Director of Investigations, presiding.

APPEARANCES:

Staff:

Sharon D. Bellamy, Program Support Specialist

Sonia Parveen, Intern

Michael Anderson, Director of Investigations

Elizabeth Haines, Supervisory Investigator

Justin Enck, Investigator

Michael Szustakowski, Investigator

Raymond Cantrell, International Trade Analyst

Lauren Gamache, Economist

Jennifer Brinckhaus, Accountant/Auditor

John Henderson, Attorney

Russell Duncan, Statistician

APPEARANCES:

Opening Remarks:

Petitioners (Terence P. Stewart, Stewart and Stewart)

Respondents (Eric C. Emerson, Steptoe & Johnson LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Stewart and Stewart

Washington, DC

on behalf of

Petitioners

Paul Hawkins, Vice President, Sales, Titan Tire Corporation

Lester Brewer, General Manager, Des Moines, Titan Tire Corporation

Dennis Nutter, Sales Manager, Titan Tire Corporation

Stan Johnson, International Secretary-Treasurer, United Steelworkers Union

Terence P. Stewart, Elizabeth J. Drake and Sahar J. Hafeez - Of Counsel

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders:

Steptoe & Johnson LLP
Washington, DC
on behalf of
ATC Tires Private Ltd. ("ATC")
Alliance Tire Americas, Inc. ("ATA")

James Clark, President, ATA
Robert Arnold, Vice President, Aftermarket Sales, ATA
Domenic Mazzola, Vice President, Product Development and OE Sales, ATA
Eric C. Emerson and Gregory S. McCue - Of Counsel

Arent Fox LLP
Washington, DC
on behalf of
Balkrishna Industries Limited

Brian Robinson, Vice President, BKT Tires, Inc.
Matthew Nolan and Nancy Noonan - Of Counsel

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders (continued):

Baker & McKenzie LLP
Washington, DC
on behalf of
Camso USA, Inc.
Camso Loadstar (Private) Ltd.
(collectively "Camso")

Robert Bulger, Vice President and General Manager, Camso USA, Inc.

Kevin M. O'Brien and Christine M. Streatfeild - Of Counsel

Lakshmikumaran & Sridharan SARL
Geneva, Switzerland
on behalf of
CEAT Ltd.

S. Seetharaman, Consultant

Adarsh Ramanujan - Of Counsel

In Opposition to the Imposition of Antidumping and Countervailing Duty Orders (continued):

Interested Party:

Speedway Rubber Company

Fort Worth, TX

Brian Keith Hubbard, Marketing Consultant, Speedway, Rubber Company

Hardeep Singh, Chief Executive, Export, Speedway Rubber Company

Rebuttal/Closing Remarks:

Petitioners (Elizabeth J. Drake, Stewart and Stewart)

Respondents (Matthew Nolan, Arent Fox LLP and Kevin M. O'Brien, Baker & McKenzie LLP)

I N D E X

I N D E X

P R O C E E D I N G S

9:28 a.m.

MS. BELLAMY: Will the room come to order?

MR. ANDERSON: Good morning and welcome to the International Trade Commission, the conference in connection with the preliminary phase Antidumping and Countervailing Duty Investigation No. 701-TA-551-553 and 731-TA-1307 through 1308 concerning imports of certain new pneumatic off-the-road-tires from China, India and Sri Lanka. My name is Michael Anderson. I'm the director of the Office of Investigations and I will preside at this conference.

I want to introduce our staff to you here at the table and we'll start first with our Supervisory Investigator Elizabeth Haines and to her left is Justin Enck an investigator and Michael Szustakowski, another investigator. Our Attorney Advisor, John Henderson and to my left is Lauren Gamache our Economist and Jennifer Brinckhaus our accountant and auditor and Raymond Cantrell, our Industry Analyst.

I would like to remind all the speakers and those who will be talking to us today not to refer to your remarks that refer to business proprietary information and please if you will remember to speak clearly in the microphone and when you first start please state your name and affiliation for the court reporter. Also, all witnesses must be sworn in before their testimony and Madam Secretary, I understand that the parties are aware of their time allocations and everything this morning?

MS. BELLAMY: Yes they are.

MR. ANDERSON: So are there any questions? Okay, Madam Secretary, are there any preliminary matters?

MS. BELLAMY: Yes, with your permission Robert Gregg Hubbard Consultants Speedway Rubber Company needs to be added to the calendar.

MR. ANDERSON: Okay, so added. Alright, very well. Let's proceed with the first panel then.

MS. BELLAMY: For petitioners opening remarks Terence P. Stewart, Stewart and Stewart.

OPENING REMARKS OF TERENCE P. STEWART

MR. STEWART: Good morning. Let me start by welcoming you, Mr. Anderson to your new position. I look forward to your time here at the Commission position. My name is Terence Stewart. I am managing partner of Stewart and Stewart and I am counsel to the Petitioners Titan Tire Corporation and the USW. These cases involve imports of certain off-the-road tires from three countries, China, India and Sri Lanka; whether the tires enter the United States un-mounted or mounted, although in the later case only the tire is part of the subject merchandise. The case against China covers only product that is not currently covered by the existing Antidumping and Countervailing Duty Orders on certain OTR tires from China.

Despite the import data issues in the case as reviewed in the Petition, imports from China, India and Sri Lanka have grown in volume by at least 8.8% during the 2012/2014 time period despite a contraction in apparent consumption and have continued to increase in interim 2015 despite further contraction of apparent consumption in the United States. Thus imports are significant and have grown with absolutely and relative to Domestic Production.

Titan believes it is the largest producer of certain OTR tires in the United States and the USW represents workers at each of the three Titan Tire plants and a number of plants of Bridgestone that produce a like Domestic Product. The Petitioners believe that Titan's experience is representative of the Industry as a whole. As reviewed in Titan's questionnaire response and in the Petition Titan has experienced declines in production, shipments, has suffered significant depression of prices, seen very large margins of underselling by Subject Imports, experienced significant profitability erosion and had significant reductions in its labor force hours worked and compensation as well as reduction in capital expenditures.

As the USW will testify, they have experienced reductions in members at the Bridgestone facilities as well.

Thus, at a time of particular vulnerability to injury when overall demand is declining, Subject Imports have seized market share through aggressive pricing and contributed to the erosion of all of the performance criteria of the Domestic Industry that the Commission examines under the law. We are confident that the questionnaire responses from the rest of the Domestic Industry will confirm these trends as a whole.

Domestic-like product for these preliminary investigations should be co-extensive with the scope of these investigations. Titan and other Domestic Producers produce products that are the same in terms of types and applications as the Subject Imports thus there is a Domestic Industry that produces the same product range as Subject Imports. Just as in the 2007/2008 cases, there is no basis to expand the industry to cover non-subject products.

Similarly, cumulation is appropriate under the statute as the five Petitions were filed on the same date and there is a reasonable overlap of competition for imports for each country and the Domestic Industry and there has been a simultaneous presence of Subject Imports in the Market throughout the Period of Investigation and geographically across the country. The conditions of competition relevant to this case include demand that is derived from equipment sales and replacement tire needs of users. Demand is highly inelastic; demand is also cyclical and tends to follow farm income and commodity prices and overall construction activity.

During the 2007/2008 cases, the Industry was near the peak of the demand cycle. In today's cases, we have been in a cyclical decline for demand for most of the Period of Investigation. Just as in the first cases, the Industry has large amounts of unused capacity due to lost volume to Imports from the Subject Countries and in these cases also from reduced overall demand. With relief, Domestic Producers can improve their levels of production, shipments, employment and other factors very quickly.

Petitioners believe that the questionnaire responses will show high interchangeability between Subject Imports and the Domestic Product while there are small premiums possible for branded product, the major producers' price is now as it was in the earlier cases a critical basis for purchasing decisions since products from the major foreign producers meet minimum quality standards and generally have good availability. The majority of demand is in the aftermarket where price is particularly important in many subsectors.

Imports participate in both the OEM and aftermarket segments of the market, the Industry as typified by Titan's experience in short is materially injured by what

Petitioners believe are dumped and subsidized Subject Imports. In addition, the large capacities abroad, export orientation of the major producers, size of the U.S. Market and nature of many of the subsidies alleged all also point to a reasonable indication of a threat of material injury as well. Thank you.

MS. BELLAMY: Opening remarks on behalf of Respondents; Eric C. Emerson, Steptoe and Johnson LLP.

OPENING REMARKS OF ERIC C. EMERSON

MR. EMERSON: Good morning Mr. Anderson and members of the Commission Staff, my name is Eric Emerson of Steptoe and Johnson LLP. I and my colleague Greg McCue are here today representing ATC Tire Private Limited and Alliance Tire Americas. I'm pleased to provide these opening remarks today on behalf of all parties appearing in opposition to the imposition of Antidumping and Countervailing Duties on OTR Tires from China, India and Sri Lanka.

Based on the testimony you will hear today and on the briefs that we will be filing next week, we're confident the Commission will find that there is no reasonable basis to conclude that Subject Imports have caused material injury or threatened to cause material injury to the domestic OTR Industry. Now the Commission is faced with a case that involves the same subject merchandise as a prior investigation. I'm sure that there's a natural tendency to look to that prior case as a bit of a road map.

Certainly Petitioners' Counsel has already frequently referred to that prior case in his opening remarks. But in this case it would be a mistake for the Commission to rely on that 2008 OTR tires from China case as a perfect guide for this investigation. First, in the 2008 case, the Commission concluded that all un-mounted tires subject to that investigation constituted as single, domestic-like product. But, Petitioners addition of mounted tires to the scope of this case fundamentally alters the like-product analysis. Based on the Commission's traditional six factor test, un-mounted tires and mounted tires clearly constitutes separate like-products. Fortunately, the staff has already begun to collect data on mounted and un-mounted tires separately so that even at this preliminary phase the Commission can analyze these Domestic Industries separately.

Second, the continued sale of un-mounted OTR tires from china substantially complicates the Commission's causation analysis, because un-mounted tires from China must be considered non-Subject merchandise for purposes of this investigation. The Commission must ensure that it does not inappropriately attribute injury causes by those non-Subject Imports to the imports that are subject to this investigation. Given the Commission's previous findings about the nature of these Chinese Imports and their impact on the Domestic Industry, the Commission will face a significant challenge in isolating the impact of these non-Subject Imports in its causation analysis.

Third, market conditions during the Period of Investigation for this case are fundamentally different from the market conditions during the 2008 investigation. In the prior case, the Commission found that Chinese imports had prevented the Domestic OTR Industry from matching growth in the overall OTR Market. But by contrast, all parties in this case recognize that the U.S. OTR Market is experiencing an overall downturn and as a result sales large equipment by original equipment manufacturers, the exact segment which Titan focuses have plummeted. If Titan complains of a reduction in sales, this reduction is attributable to this cyclical downturn, not Subject Imports. Moreover, there has been a nearly sixty percent decline in raw material cost for OTR Tires over the POI and that's placed significant pressure on tire producers to reduce their prices.

Finally, the Commission should take note that unlike the 2008 investigation, Titan is the only producer sitting at the U.S. Petitioners table. The fact that no other U.S. OTR Producer corporation is participating in this case strongly suggests that any problems Titan claims to be experiencing are those of its own making. Now that said, some aspects of the Commission's 2008 analysis remain valid today.

First, in the 2008 determination, the Commission found that the U.S. Market for OTR tires is highly segmented. Three segments were noted: Agriculture, construction mining and industrial. We agree that the market remains segmented today but the reality is even more complicated than that would suggest. The Commission needs to look in detail at these submarkets to determine whether imports have caused injury to the Domestic Industry.

Second, we also agree that premium brands continue to enjoy premium prices as Petitioners' Counsel alluded to. I'd like to allude just to two legal issues that also point in the direction of a negative determination and that is the lack of basis to cumulate Sri Lanka and Indian Imports in this case and that is an issue that counsel for Camso the Sri Lankan producer will speak to you about in some detail. If taken together, the holes in this case are sufficiently large that even at this preliminary stage there is no reasonable indication that Subject Imports of OTR tires have caused material injury or threaten to cause material injury to the U.S. Industry and no further investigation by the Commission will change that conclusion. Thank you very much.

MS. BELLAMY: Will the Petitioners please come forth?

MR. STEWART: Chairman, we will commence with the Paul Hawkins.

STATEMENT OF PAUL HAWKINS

MR. HAWKINS: Good morning, my name is Paul Hawkins. I am the Vice President of Sales at Titan Corporation. I have been with Titan for ten years and I have overseen the company's off-the-road tire business both from an operations and sales side. Eight and a half years ago I testified before this Commission Staff as Titan's Vice President of Operations.

At that time, we were facing a surge of unfairly dumped and subsidized imports of certain off-the-road tires from China. Rising volumes of low-priced imports were seizing shipments and market share from Titan and other Domestic Producers, undercutting prices adversely impacting the Domestic Industry and its workers leaving large amounts of capacity to produce particular smaller OTR size tires underutilized. The Department of Commerce found that these imports were being dumped below their normal value and subsidized by the Government of China.

The Commission found that imported OTR tires from China were injuring the Domestic Industry. As a result, Antidumping and Countervailing Duty Orders were imposed on

OTR tires from China. These orders have had a profound benefit for Titan and other Domestic OTR Producers. Despite the imposition of these orders, eight years later our industry is facing renewed unfair competition and material injury.

There are two significant changes that have occurred since the first case. First, our industry is facing not only growing import volume, but stagnant to declining demand where as in the last case we were experiencing an upswing in demand. The second difference is that while last time our concerns were focused on China, today we are facing a three-pronged attack from China, India and Sri Lanka. Finally, this case covers tires whether they are mounted or un-mounted whereas in the first case it only covered un-mounted tires.

Since orders were imposed in 2008, Chinese producers started exporting mounted tires as well as un-mounted tires. In addition, producers in India and Sri Lanka, both major producing nations for certain OTR tires have increased their focus on expanding market share in the U.S. Market. Companies such as BKT and Alliance in India and Solideal known as Camso in Sri Lanka have been flooding the market with exports of OTR tires in recent years. Identifiable imports of un-mounted tires from India and Sri Lanka and mounted certain OTR tires from all three countries grew from 1.38 million in 2012 to 1.5 million tires in 2014. Not including mounted tires entering in basket categories.

The increase is even more significant given the overall declining demand for OTR tires because of cyclical downturns affecting a number of sectors. Since 2013 the market for agricultural tires, which is the largest share of the market for OTR tires has seen a sharp downturn as commodity prices and farm income have collapsed. Corn prices, for example are below breakeven point for many famers which depresses sales of new agricultural equipment. As a result, demand for OTR tires for original and agricultural equipment is down significantly.

Demand for agricultural tires in the aftermarket was essentially flat from 2012 to 2014 and we believe on a downward trend in 2015. Demand for OTR tires in the construction and industrial sectors has also been down sharply at the OEMs and essentially flat but overall despite some uptick in construction as the economy slowly recovers.

Finally, demand for mining tires is way down given the implosion of commodity prices as China's economy slows and the rest of the world's chugs along at a very moderate pace. The smaller-sized mining tires included in this case, which tend to be used in coal-mining, have also been hard hit. As Subject Imports from the three countries grew nearly nine percent from 2012 to 204 in a declining market, they gained market share at the expense of Domestic Producers. Subject Imports continue to grow in 2015 even as demand has continued to contract, gaining a growing share of the U.S. Market. The way these Foreign Producers were able to gain market share was through aggressive price undercutting.

Our own analysis of import unit values and market prices of OTR tires from the three countries shows that they are being offered at prices that are 20 to 60 percent below Titan's own prices for comparable tires. In addition, prices for OTR tires from the three countries have dropped significantly with average import unit values dropping 12 to 22 percent depending on country from 2012 to 2014. Prices continued to drop in 2015. This price depression has slowly driven Titan's own prices as we are forced to compete with unfairly traded imports to make sales to a broad range of customers.

During the first set of investigations, Industry and Distributors testified that price is a key element to business demand for OTR tires, particularly in the aftermarket for agricultural and industrial construction tires. What was true then remains true in the period of investigation for the present set of cases. We know that the Commission staff will find when the questionnaire responses are compiled that imports from these three countries are highly substitutable with Domestic Product. Titan competes against imports from all three countries and where we lose business it is largely based if not exclusively on pricing.

As Subject Imports have seized market share, Titan has been forced to reduce production, cut hours from our production schedule leading to layoffs and lower payroll. Imports have driven down prices farther than what any temporary cost savings on raw materials would warrant, biting into the company's profitability as our questionnaire response makes clear. As a result, we have had to put off needed capital investments and research and development expenditures. We trust that when the Staff have compiled the questionnaire responses from the Domestic Industry that the experience Titan has had will prove typical for the industry as a whole.

Given the attractiveness of our market, the large array of subsidies to Foreign Producers and the massive excess capacity and capacity expansion in these countries, these adverse trends will only continue if relief is not imposed. Without orders to discipline the dumping and subsidization that is occurring, we believe titan, its workers, the Domestic Industry as a whole will continue to suffer material injury.

Eight years ago this Commission voted for relief for un-mounted OTR tires from China giving our industry a chance to recover from the harm caused by unfair trade as we now face a renewed onslaught from dumped subsidized imports not only from China, but also from India and Sri Lanka, an affirmative preliminary injury determination by the Commission is critical to the Industry and its workers. I look forward to the questions that you may have and thank you.

STATEMENT OF LESTER BREWER

MR. BREWER: Good morning. My name is Lester Brewer. I am the general manager of Titan Tire Corporation OTR tire plant in Des Moines, Iowa. I also oversee the mounting and distribution of OTR Tires in Des Moines and in Pendergrass, Georgia. I started with Titan in 2001 and I've been involved in overseeing tire manufacturing, mounting and distribution. The OTR tires covered by this case are exactly the same as the tires that were covered by the Petitions Titan and the USW filed in 2007.

This includes off-road tires for the agricultural market, for earth-moving machinery and for construction/industrial vehicles. The types of vehicles that the OTR tires are used on include farm tractors, combine harvesters, irrigation equipment, log skidders, off-road dump trucks, run-in loaders, graders, mobile cranes, lift trucks, and skid-steer mini-loaders. Covered tires include a wide spectrum of sizes and features but they are all designed specifically for off-road applications. By definition, OTR tires in the aftermarket need to be able to fit the same machines that are served by OTR tires sold in the original equipment market. Excluded from the scope of this case are small ATV, lawn and garden tires as well as extra large mining tires with a rim diameter of 39 inches and larger.

One difference between this case and the prior case, Titan USW brought on OTR tires is that this case explicitly includes these tires whether they enter the United States mounted on a wheel or un-mounted. In any event, only the tire itself is covered. This slight change in the scope, which was made to ensure coverage of all tires entered whether mounted or un-mounted, should not have any impact on the Commission's analysis of the Domestic Industry. Only the tire itself is covered by the scope regardless of the form in which is enters. Similarly, the OTR tires produced in the United States should be included in the domestic-like product regardless of the form in which they are sold. In the 2007 cases, the Commission found that the domestic-like product was a product that was coextensive with the OTR tires included in the scope. The Commission should do the same in this case. Titan is somewhat unique in the Domestic Industry because Titan produces wheels as well as tires, we can sell them together as mounted assemblies.

As my colleague Dennis Nutter will testify, other OTR tire producers, whether domestic or foreign, even though they do not make wheels or have their own mounting operations compete directly with Titan for OEM or aftermarket business. This is because the customer can buy the tire by itself and do the mounting itself, have a third party mount the tire or buy the tire already mounted on a wheel. Thus, while Titan is the only major OTR tire producer in the United States that offers customers un-mounted and mounted tires based on its own wheels and its own mounting services, it is by no means the only producer that can sell mounted tires.

The tires that Titan sells in mounted and un-mounted form are physically identical. The only difference is that the mounted tire is sold attached to a wheel and the un-mounted tire is not. The customer can order any of the thousands of tires in our catalog either mounted or un-mounted and tires with the same SKU number would be exactly the same regardless of how they are sold. At our plant in Des Moines, we produce almost every type of tire covered by this case including agricultural, earth moving, construction and industrial tires.

A significant portion of these tires are sold in mounted form and the rest are sold un-mounted. Whether the tires are ultimately sold mounted or un-mounted they are produced by the very same workers on the same equipment and using the same production processes. In some cases we will produce tires and hold them in inventory without knowing at the time of production whether they will ultimately be sold as mounted or un-mounted form.

Our mounting operations are separate from our tire production operation. Mounting takes place off-site as part of our distribution operations. Mounting is done by different employees and on separate equipment than those involved in tire-building. The mounting process uses significantly less equipment, manpower, investment and technical expertise than our tire manufacturing process. Only minimal additional raw materials are added in the mounting process if any. These typically are tire fillers requested by the customer such as foam or calcium.

The tire accounts for the majority of the value of the final assembly and the wheel most of the rest. Overall, the mounting process typically adds only minor value to the final assembly. Mounting is a relatively uncomplicated and straightforward process. The tire manufacturing process for certain OTR tires in these investigations is essentially unchanged from that depicted in the ITC Staff Reports to the preliminary and final injury determination in the prior case. Our tire production operations have experienced significant difficulties as unfairly traded imports have eroded our market share and driven down prices. Our customers have been ordering fewer and fewer tires with each order, forcing us to reduce our lot sizes. This is imposing significant cost in our plan. With each changeover we have to change the specs for the tire-building machines and we often have to change the molds in our curing presses. Changing out a mold in a curing press has to be done manually. It takes from one to four hours depending on the size of the mold.

As Titan has lost sales to lose volume of low-priced imports, our plant has seen production fall dramatically, much more than the cyclical downturn in demand would warrant. Many of our tire-building machines and curing presses are standing idle, which represents a significant loss of potential revenue and unmet overhead cost on every sale. Unfortunately, I have also had many of our tire manufacturing employees on layoff. The extent of the layoffs is documented in our questionnaire response for our three tire manufacturing plants.

We believe that when the Staff has compiled the information from all the Domestic Industry questionnaires that you will see a pattern that looks a lot like the experiences by Titan. Our plant has equipment, the capability and the available manpower to produce many more OTR tires than we are currently producing. If the tide of dumped and subsidized tires from China, India and Sri Lanka extend and if prices reflect fair competition rather than unfair trade, we could quickly ramp our production back up using existing equipment and workers already on layoff as well as new hires, we could be operating at much higher levels of capacity utilization within a couple months under conditions of fair trade.

I hope the Commission will give us the opportunity to do so. Thank you very much.

STATEMENT OF DENNIS NUTTER

MR. NUTTER: Good morning. My name is Dennis Nutter. I am a sales manager of Titan Tire Corporation. I have been with Titan since 1988. I have worked on the operations side managing tire manufacturing, worked on quality control with Titan's engineers, and for the past 11 years I have overseen sales to our largest OAM customers, as well as some after-market sales.

I have negotiated with all of Titan's major customers during that time. In its prior investigation on OTR tires, the Commission found that price is likely to be the primary factor in purchasing decisions for many purchasers of OTR tires. That continues to be the case today.

The market for OTR tires is extremely price sensitive, and we are engaged in negotiations over price with our customers on a daily basis.

OTR tires from China, India, Sri Lanka, compete directly with Titan's OTR tires in the market. While we have many different SKUs of OTR tires, foreign producers also produce a full range of products, and those products meet customer specifications on a wide range of vehicles and applications.

As a result, when we compete with tires from these countries for sales the competition comes down largely to price. In the after-market, many sales are on a spot basis and there is a constant price pressure from imports.

Imports are consistently priced substantially below our prices, and our customers force us to lower our prices in order to continue to make sales.

For example, our internal data on distributor prices for our own tires and for tires produced in India by BKT and Alliance show that the Indian tire undersold Titan's own competing model in every available comparison. The margins of under-selling were significant, causing Titan to lose sales volume on these models, and focusing us to lower our own prices to compete.

We also face import competition at our original equipment customers. Though some of our OE accounts are covered by multi-year contracts, these contracts do nothing to shield us from price competition.

First, all of our contracts with our major OE customers have had to be renegotiated at least once since 2012. And when contracts are up for renegotiation, everything is on the table, including price.

Second, even with the contract in place there's no guaranty we will actually get the price we agreed to in the contract. Many of our contracts contain escape clauses that permit the customer to notify us when they have offered the same tire we are under contract to provide at a--below the contract price. When this happens, we have two choices: We can lower our price to make the sale, or we can lose the sales volume.

Even when the contracts do not have a formal escape clause, we face pressure from OE customers to lower our prices when competitors offer the same tire at a lower price.

Since 2012, we have been under constant price pressure at OE accounts, including agricultural, earth moving, construction, and industrial.

We have had to make significant price concessions to make sales, an we have also lost sales volume where we were not able to match the import price. The under-selling has gotten so bad that one of our major customers that sources tires from China, India and Sri Lanka told us that we were not even in the ballpark when we recently tried to quote them on a smaller ag tires we wanted to sell.

This pervasive price under-cutting has forced Titan to sell some of its OTR tires at a loss, simply to hold on to some sales volume.

We believe Titan's experience is representative of the domestic industry as a whole, and we expect that your questionnaire data will show the widespread under-selling and price depression by significant margins.

I also want to dispel any notion that the price declines we have suffered are due to falling demand or falling raw material costs.

While we do pass along some of our raw material cost declines to our customers, the price depression we have suffered is far deeper than any raw material cost savings we have experienced over the period.

In addition, while demand has been flat to declining for many of our end-use segments, we have seen aggressive price depression by subject imports across the board regardless of the demand trends in any particular segment.

Finally, I want to briefly address our sales of mounted tires. We do sell a fair amount of our tires in a mounted rather than unmounted form. We are aware of mounted tires being offered from each of the three countries in the market.

There is thus direct competition between our mounted tires and mounted tires from the subject countries. There is also direct competition between mounted and unmounted OTR tires.

When a customer sends out a bid request for a tire, they typically send it out as an unmounted tire. We will frequently submit the bid for the tire in both unmounted and mounted form, quoting a price for the tire, price for the wheel, and a price for the assembly, giving the customer the option to purchase the tire unmounted, or to purchase a mounted tire assembly.

The same customer will simultaneously be contacting our competitors to get a price for the same tire, and many of them will use third-party mounters if needed if our competitors prices are below what we are able to offer.

The fact that Titan can supply both the wheel and the tire, and provide it in mounted form, does not shield us in any way from import competition. Imports can also come in mounted from all three countries, and unmounted imports can also be mounted by third-party mounters where the customer requires.

In short, subject OTR tire imports from China, India, and Sri Lanka have seized market share from Titan, and we believe other domestic producers, by persistently under-cutting our prices. In an after-market where OTR tires from all sources are interchangeable and price is a key purchasing factor, this price aggression has caused Titan to lose sales volume and forced us to lower our prices at unsustainable levels.

We have faced this unfair import competition in the after-market and the original-equipment market, and all kinds of OTR tires, including tires for agricultural, earth moving, construction, and industrial applications.

Disciplining these dumped and subsidized imports from China, India, and Sri Lanka is essential to the ability of Titan and other domestic producers to compete on a level playing field.

Thank you.

STATEMENT OF STAN JOHNSON

MR. JOHNSON: Good morning. My name is Stan Johnson. I am the International Secretary-Treasurer of the United Steelworkers Union. I also chair the Rubber and Plastics Industry Council of the USW.

I have extensive experience in the tire industry. I worked at Armstrong's Passenger Tire and Light Truck Plant in Madison, Tennessee, for more than 20 years. I left that plant to join the USW after the Rubber Workers merged with the USW in 1996.

As part of my responsibilities, I have been involved in major bargaining with the tire companies that employ USW members. Our Union was proud to join with Titan to file these petitions earlier this month.

Unfairly traded imports of OTR tires from China, India, and Sri Lanka have caused serious injury to the domestic OTR industry and to many USW members that work in the industry.

In addition to Titan's three facilities, the USW also represents workers that produce OTR tires at Bridgestone's plants in Bloomington, Illinois, and Des Moines, Iowa. Together, USW members represent over 58 percent of the domestic capacity to produce OTR tires.

Titan's witnesses have testified that growing volumes of subject imports into a market with flat to declining demand have seized shipment and market share at a range of OTR customers.

These imports have substantially undersold Titan's prices and depressed those prices. As a result, Titan has lost shipments and production volume and seen its capacity utilization rate decline.

This has necessitated layoffs at Titan's facilities, and a reduction of hours worked and wages paid. Indeed, the workforce engaged in producing OTR tires at Titan's three facilities shrank by more than 40 percent from

2012 to 2014.

Just a month ago, Titan announced that another 130 workers were going to be laid off at the Bryan Plant on February 8th, 2016, and that some of these layoffs may be permanent if market conditions do not improve.

Titan also testified that sales volume and revenue loss to subject imports has hurt its bottom line, and that imports threaten further injury if orders are not imposed.

Based on the USW's experience, Titan's story is not limited to one company alone. It is a story of the entire domestic OTR industry. USW members produce OTR tires for agriculture, forestry, construction, and industrial applications at Bridgestone's two plants in Bloomington and Des Moines. The tires are sold in both the after-market and the original-equipment market.

As subject imports have increased and taken market share, the daily production ticket at both of those plants has dropped dramatically. This has forced the facilities to shrink the workforce through attrition, and also put dozens of workers on voluntary layoff. Even the workers who remain or left are sometimes assigned to do minor facility maintenance and clean up in order to keep earning pay where there is insufficient production to keep them occupied.

The Des Moines plant has had to reduce its production schedule from 7 days to 5 days, and the Bloomington plant has had to reduce shifts in its bias tire operations.

As a result of the decline in production, many tire-building machines and curing presses are currently sitting idle at the Bridgestone plants. Some equipment has been idle for so long that it's actually been scrapped by the company.

In 2010, the company made a major five-year investment in a new tire curing room at the Des Moines plant, but by last year half of that capacity was sitting idle.

Plans to upgrade and expand the capacity of the two plants have been put on hold. The reason for the declines in production, hours, employment, and investment is a rising volume of low-priced imports.

In our conversations with management at the plant level, in bargaining, and in interim meetings they constantly raise the issue of import competition. They have specifically mentioned each of the three countries we are discussing today, and pointed to the growing market share of foreign producers like BKT and Alliance.

They monitor the imports continuously, and management just notified our Bloomington Local Union president this month about a new OTR plant being built by BKT in India.

The OTR industry provides high-paying, high-skilled jobs with family-supporting benefits. Many of our members have been working at these same plants for decades, and their hard work has helped buy family homes, send their kids to college, and save for retirement.

All of that is now at risk because of the dumped imports and because of dumped and subsidized imports from China, India, and Sri Lanka.

That is why our Union joined in these petitions, and that is why I am here today to ask for an affirmative preliminary determination. Thank you all.

MR. STEWART: We would now like to--this is Terry Stewart--we would now like to turn to the PowerPoint presentation. My partner, Elizabeth Drake and I, will be going through the issues.

(PowerPoint presentation follows:)

On the overview, you see some threshold issues which I am going to deal with. And then I've left the heavy lifting to her to do for the rest of the presentation.

So let's start with scope. The scope of the petitions, as noted, is certain OTR tires which include all the sectors that have been talked about. There are specific exclusions: ATV, lawn and garden tires, and large mining tires with rims that are at or above 39 inches.

OTR tires come in a wide range of sizes and various features, depending on their intended application. Some visual examples (indicating) of those.

The scope of the petitions is in fact exactly the same as the existing Orders on Certain OTR Tires, with two differences.

Like the passenger vehicle and light truck tire case that the Commission considered last year, tires are covered whether they enter either mounted or unmounted, though only the tire is covered. This is exactly the same as what was done in the PVLT case where there was a single like-product found by the Commission.

And, two, certain OTR tires already covered by the existing orders--i.e., unmounted tires from China--are not covered. We agree with the comments of opposing counsel that obviously the Commission will not be--will be including those in the nonsubject imports and it's not our intention that they be included as subject merchandise in this case.

In effect, this scope covers unmounted tires from India and Sri Lanka, and mounted tires from all three countries. The inclusion of mounted tires reflects the fact that there is market demand for mounted tires from all three countries, and by domestic producers, and from concerns about Chinese producers exporting tires in mounted form to avoid duty liability, the exact reason that in the petition on PVLT the scope of the case included tires, "whether mounted or unmounted," so that there would not be an easy evasion point. That was not the case in the first case where Commerce ruled that mounted tires were not included, and that's the reason they're included now.

So the domestic like-product should be a single domestic like-product that's coextensive with the scope. This is consistent both with the PVLT case where identical language for a different subset of tires was considered, and we believe on the facts that you will have in this case.

The facts as they pertain to unmounted tires remain essentially unchanged since the first case. Therefore my discussion will basically look at the inclusion of tires within the scope, which are entered mounted.

And so just as the scope only covers tires, whether they are mounted or unmounted, the domestic like-product should also be limited to the OTR tires itself where they're ultimately sold in mounted or unmounted form. This is the product that is like the scope of subject merchandise. That is the starting point for the Commission in its analysis, and why you have discretion in terms of the factors that you look at and make decisions on the basis of facts.

The reality is that all of these criteria strongly support a single like-product determination by the Commission in this case.

First, physical characteristics and uses. Since we're talking about the tire and not about a mounted assembly as being the subject merchandise, the physical characteristics are identical, because the tires are identical.

Every tire can be bought either unmounted or mounted, and at the end of the day the only use of the tire is to in fact mount it on some vehicle. So the fact that it gets bought unmounted doesn't mean it isn't going to go through a mounting experience before it goes to an ultimately end-user.

Manufacturing processes reviewed is identical. The products are interchangeable because the products are in fact identical. The tires that are sold mounted can also be sold unmounted, and tires that are unmounted can be sold mounted. The very same tire. So there is obviously interchangeability there.

Customer and producer perceptions: As you have heard from Dennis Nutter, for the OEMs who buy mounted tires they typically are seeking bids on unmounted tires. And if you wish to bid as well on the wheel and for an assembly, they will consider that and make a decision on the basis of what's the lowest price for them in terms of what they are trying to get--i.e., the tire and whatever other services they're looking for.

So we believe that the customer producer perceptions are similar. Channels of distribution are identical. They are sold both in the OEM markets and in the after-markets. And price. There is no major price differential for the tire itself. Obviously there's a difference between assembly because there's a wheel and other things go in it.

So domestic like-product we believe the criteria that the Commission looks at supports a single like-produce determination.

That takes us to the related-party issues. And this is one that we basically--while the Commission has discretion to exclude, domestic producers from the domestic industry if they are related to a foreign producer or importer, or are themselves an importer, that's a fact-intensive analysis and we will make our comments in a post-conference brief as to whether we believe there are any--there are related parties in this case in the domestic producers. Whether any should be considered for exclusion, we will tee up in our post-conference submission.

Negligibility. In the preliminary phase, the Commission determines whether there's a reasonable indication that imports are not negligible. Imports are found negligible in a preliminary determination only where the record as a whole contains clear and convincing evidence that imports are negligible and no likelihood exists that contrary evidence will arise in the final.

For India and Sri Lanka, the import data for unmounted tires and the limited information on mounted tires clearly shows that there's no negligibility issue. They both exceed 3 percent for dumping cases in the case of India, and 4 percent for imports in the case of countervailing duty cases of total imports. So negligibility is not relevant to either of those two countries.

It is relevant, potentially relevant to the issue of China, and that really is a data issue. The question of where imports of tires that are mounted on wheels is a subject that Titan and the USW attempted in 2014 to get some assistance from the Commission in terms of statistical breakouts because of concerns that our company, our client was having that the existing Orders were being evaded by product being sold into the U.S. mounted, either where the mounting was occurring in China, or it was occurring in a third country, since Commerce had specifically ruled that mounted tires were not included within the scope of those first Orders.

So in 2014 we came to the Commission and asked for statistical breakouts for a variety of things, but including a wide variety of statistical breakouts on mounted tires so that we could in fact get a good handle on what the volume of mounted tires were.

Unfortunately, most of those requests were denied on the mounted since. And so while a few ere granted, the reality is that there are at least 15 basket HTS categories where either Customs rulings indicate that mounted tires would be included, or where the similarity between those rulings and other categories suggest that mounted tires could be included.

So you have large numbers of categories with large volumes of trade, much of which is unlikely to be mounted tires. That is there, but no specific import statistics that let you determine where the numbers are.

When we look at the two categories where there were breakouts, we find that, not surprisingly, China for the time period that was available accounted for 86 percent of the quantity of imports which would be consistent with desire to change what you're shipping to be able to avoid the existing Orders.

And when one looks at the other 15 categories, some have weights, some have units, all have value. On the value, China accounts for roughly 30 percent. On the ones that had weights, they accounted for up to 96 percent.

So our belief is that if the Commission is able to get the information from the foreign producers, from the import community, that in fact there will not be a negligibility issue for China even though the limited public statistics that are available to date would say that it is an open question.

Oh, the other issue on the negligibility is that the Commission also looks to see whether or not there are facts that would suggest that the negligibility threshold could be met in the near future. There have been some significant changes in the first set of orders in terms of administrative reviews at the Commerce Department. The last completed administrative review of one other major producers got very large dumping margins, which will lead that producer, we believe, to be looking for alternative ways to ship product, which would mean, absent an investigation in these cases, that they could easily do it through mounted tires.

And in the PVLT cases, there were a large number of Chinese producers who are also producers of OTR tires that were found in the PVLT case not to be independent of the state, and to receive the state-wide rate. All of those companies are subject to administrative review that is ongoing at the present time, and likely to find their margins go from single-digit margins that are presently in place for them up to very substantial margins in the context of this current administrative review.

MR. STEWART: I'll just quickly say that all that's required by the Commission is that there be reasonable overlap. Obviously the cases were filed simultaneously so that provision is dealt with. While it is true that the Sri Lankan product is largely in the industrial construction sector, there are large volumes of industrial construction tires that come in from India, and there were also -- in the original case large volumes that came in from China.

And because we don't have good data on China on the mounted side, we can't say what kind of volumes are in the industrial, etcetera, but the prior case, well, that the Commission says you don't need to have complete overlap, just some reasonable overlap. And we believe that is true for the three countries in this case.

The products are fungible in terms of interchangeability and as we go to the next slide, you will see that they're in all the markets and they're distributed throughout the country, and in fact, they are in the market for every month, or virtually every month of the period of investigation. With that, I will turn it over to my colleague.

STATEMENT OF ELIZABETH DRAKE

MS. DRAKE: Good morning. This is Elizabeth Drake of Stewart and Stewart on behalf of the Petitioners. Turning next to the conditions of competition in the business cycle. Demand for OTR tires is derived from demand for off-road vehicles and equipment and replacement needs for those vehicles and equipment.

And demand in some of these sectors is cyclical. In the agricultural sector, demand tracks farm income and trends in farm income. In the mining sector, demand tracks commodity prices. And in the industrial and construction sectors, demand flows from trends in the general economy and in construction activity.

Both agricultural equipment and mining equipment are in the downward part of the cycle, as our witnesses testified this morning, with sharply contracted OEM demand in particular during the period of investigation, and demand for OTR tires is price and elastic.

Another important condition of competition is the fact that, though OTR tires are not a commodity product, price is a very important factor in the market, as the Commission found in the prior cases, price is a key purchasing factor, and in fact, was one of the top three factors cited by purchasers in that it's a key factor in both OEM and distribution level.

In the prior case the Commission also looked at the importance of brand in the market and found that brands carry only a small price premium in the OTR tire market. We believe those conditions of competition continue today in this period of investigation.

Turning to volume, the volume of subject imports is significant by any measure. I want to take a moment to talk about the import statistics that we've been talking about this morning and that are in the petition, just to walk through how we derived them.

In the prior cases, import statistics for unmounted tires had to be modified from what's been reported by Census to address products that are not part of the scope. And in addition, we have issues with the data for imports of mounted tires, which is based only on those breakouts where the data is available since the middle of 2014.

In these cases, we again adjusted the import data for unmounted OTR tires, to exclude tires that are under thirty-five dollars a tire and over fifteen hundred pounds, to exclude the smaller ATV lawn and garden tires on the low-end and to exclude the large mining tires on the high end.

In addition, we have used that data that's available for mounted tires since July 2014, adjusted it to reflect just the value and the weight of the tire, and use that to project backwards for estimated imports of mounted tires prior to July 2014.

Using these methods, we come up with an estimate for accumulated imports from the three countries that were at least 1.5 million tires in 2014, valued at $269 million. And of course this doesn't include any of the amount of tires that may be coming in in the basket categories, but clearly shows that the volume of subject imports is significant on an absolute basis.

Despite cyclical downturns in U.S. demand, in many of our major markets for OTR tires, particularly ag and mining, these imports have also risen over the period of investigation. The number of OTR tires imported from the subject countries rose by 8.8% from 2012 to 2014, and by another 2.4% in the interim period. This depicts those increases graphically with the lighter colored bars being the interim period.

The significant increase in subject imports during a period of decline in demand allowed those imports to seize market share, largely from domestic producers. Imports also increased relative to domestic production based on Titan's data, which we believe is representative of the domestic industry.

Subject imports were the only source of volume increase over the period as nonsubject imports also declined, though not as much as domestic shipments.

Therefore, we believe the Commission should find that the volume of subject imports is significant on an absolute basis, on a relative basis that they increased over the period and that increased relative to domestic consumption and to domestic production.

Turning to price effects, in the first cases the Commission had found that price is an important factor in purchasing decisions for OTR tires, as I mentioned. And that any distinctions between brands and or tiers, were not significant. That continues to be the case today as our witnesses testified.

OTR tires from all three countries and from the United States are fungible and they compete across the market. This fact is reflected in Titan's 2014 Annual Report where the companies stated that competition for its products is based on price, and that the company may have to lower prices in order to compete in these markets.

As Titan's witnesses testified, they face price pressure from subject imports on a wide array of accounts, in both aftermarket and the OEM market throughout the period and they also testified that mounted tires that they sell compete directly with mounted tires imported from the three countries, as well as with unmounted tires imported from the two countries where unmounted tires are covered.

Subject imports are underselling domestic producers at significant margins. In the prior case the Commission found that imports from China undersold domestic producers in 147 out of 157 comparisons at margins as high as 57%. We believe similar underselling is occurring with respect to tires that are now entering in mounted form from China.

A comparison of Titan's own confidential average sales price and the average import unit values derived from our import data, shows margins of underselling in all three countries, ranging from 20 to 60% and consistent underselling throughout the period of investigation, since 2012.

We also provided a comparison in prices of individual models, this again based on Titan's own confidential data regarding distributor prices for Titan's own tires, and for comparable OTR tires from India, and the underselling by the Indian models was universal, across every available comparison, and ranged as high as 70%.

There's also been significant price depression by subject imports. This is the graph shows average import unit values for the three countries were available since 2012 for Indian and Sri Lanka and since 2014 for mounted tires from China. It shows prices declining by 10 to 20% or more from all three countries.

As average import unit values have fallen and subject imports have seized increasing share in a declining market. These imports have driven down domestic prices as well. Titan's own confidential price data shows significant declines over the period, both in the aggregate and core specific products and at specific accounts.

Titan's witnesses testified this morning that they are frequently required to lower prices to compete with subject imports and to maintain their sales volume. And where the import price cannot be let, they lose sales.

Price declines have also exceeded raw material cost savings, leading to declining gross profits for the company. And we believe that this experience of price depression and suppression is one that is shared by the industry as a whole and is not unique to Titan.

In short, subject imports have had adverse price effects in a price sensitive market, both through widespread underselling and through steep price depression.

Turning to material injury, subject imports have increased their presence in a declining market and entered at falling prices. They have caused material injury to the domestic industry.

And again, we believe Titan's experience here is representative of the industry as a whole. Titan has lost shipment volume, sales revenue and market share, as import volumes has increased into a declining market. These losses drove down Titan's production levels, reducing lot sizes, increasing uncovered overhead costs, and decreasing capacity utilization, forcing Titan to significantly reduce employment hours and wages.

Each of the factors that the Commission looks at shows declines over the period, production shipments, capacity utilization, production-related workers' hours worked and compensation. In addition, as imports depress prices, Titan was forced to lower its own prices to make sales, and lost sales when it couldn't do so, sometimes forcing Titan to make sales at a loss in order in order to compete.

This downward price pressure drove down Titan's gross profits, operating income and net income. This has deprived Titan of resources that it needs to invest in its facilities and to invest in research and development.

Again, looking at all of the financial factors that the Commission looks at, you see declines in the quantity of domestic shipments, the value of domestic shipments, the average unit value of those shipments, operating income as a percentage of sales, net income as a percentage of sales, capital expenditures, asset values and R&D expenses. Again, this is Titan's own data, but we believe representative of the industry.

As the USW testified, workers at non-Titan plants have also seen shipments in production decline, as imports increased into a declining market, leading to further reductions and hours in employment for USW members, and these plants also have significant idled capacity and have been unable to make needed investments over the period. In USW's conversations with management, management explicitly cites import competition as a reason for these declines at all of the employers.

In short, cumulated subject imports have increased in volume, both absolutely and relative to declining domestic consumption and production. They've undersold domestic producers at significant margins across a range of products and customers. They have depressed prices significantly below any cost savings. And they have driven down domestic shipments, production capacity utilization, employment, profitability and investment.

All of these facts strongly support an affirmative finding of material injury by reason of subject imports.

Turning to threat, subject imports threaten further material injury if orders are not imposed. Producers in all three countries benefit from a large number of export subsidies, as demonstrated in our petitions. Tires industry in each of these three countries has also been growing rapidly and are highly export oriented, with some major companies exporting as much as 90% of their production.

And the rapid market penetration and aggressive pricing behavior of foreign producers during the period indicate that such trends will continue unless relief is imposed. And the industry in each of the three countries will have more than sufficient capacity to further increase their exports given capacity additions that are being made in each of the three countries.

Guizhou announced plans to build a new specialty tire plant in China in 2015. In India BKT opened a new OTR tire plant in 2015, expected to reach full capacity by 2017. Apollo is switching capacity from truck tires to specialty and industrial tires. Again in India, Alliance in India opened a new OTR tire plant in late 2014, and TBS announced plans to increase tire capacity at two of its plants in India in 2015. Trelleborg also enlarged its own OTR tire plant in Sri Lanka in 2010.

In conclusion, as staff is aware, in the prior case, OTR tires from China were found to injure the domestic industry, and we believe many of the factors that supported that determination also support an affirmative determination here, despite arguments to the contrary from the opponents to relief.

Now the Titan is facing renewed injury from three countries. It was forced to work with the USW to file the second round of petitions, both to address mounted tires from China and to address competition from mounted and unmounted tires from India and Sri Lanka.

Rising volumes of imports from the three countries have seized market share and driven down prices in a declining market and these trends have driven down domestic production, domestic employment and profitability of domestic producers, all evidencing material injury. These imports threaten further material injury if orders are not imposed. For all these reasons, we respectfully request that the Commission reach an affirmative determination. Thank you very much, and we look forward to your questions.

MR. STEWART: That concludes our direct presentation, Mr. Anderson.

MR. ANDERSON: Thank you very much. I want to thank all the witnesses that came today and traveled here, given that it was an uncertain week in the beginning, but we're glad you're all here this Friday. So, thank you very much for your preparations and your statements.

Now I'd like to turn it over to staff for questions and we'll start with our investigator, Michael Szustakowski.

MR. SZUSTAKOWSKI: Thank you for being here today. I just want to start off with a scope first. There is a revision and in it, it clarified that OTR tires are, whether or not they are accompanied by other parts, e.g., a wheel rim, axle, parts, bolts, nuts, etcetera. So, can a mounted OTR tire, can that be entered with parts?

MR. STEWART: Well, theoretically it could, simply because you could have something come in like, a la a kit.

MR. SZUSTAKOWSKI: What's a kit?

MR. STEWART: A kit would be the tire and the wheel unassembled, put cellophane around it or something like that. It comes in, it hasn't yet been formally mounted. That would come in and be viewed as not under a tire category, but under a wheel category or basket category for imports statistic purposes.

So all we did in the scope was to try to make sure there's a tire that's coming in, it doesn't escape the reach of the investigation because either somebody has mounted it on a wheel or shipped it in with some parts that get it classified for customs purposes as a tariff category other than the unmounted tire categories.

MR. SZUSTAKOWSKI: So long as it's imported with something other than a vehicle --

MR. STEWART: That's right, other --

MR. SZUSTAKOWSKI: -- must be covered by the scope.

MR. STEWART: This is not intended to cover completed vehicles that have, obviously they come in with tires on them.

MR. SZUSTAKOWSKI: I guess that's what I'm trying to understand still, is like, what's the extent of parts. Where's does parts end and the vehicle begin?

MR. STEWART: Well, we're talking simply -- we doubt that it would be anything other than coming in with simply the wheel, tire with a wheel, and whatever other components would go into an assembly if it was brought in unassembled, but packaged but we don't want to have a loophole where somebody throws in a couple of screws and ships it in, and therefore it's no longer covered by the case, because that's what we just went through over the last eight years.

MR. SZUSTAKOWSKI: Understood. So what happens if Commerce disagrees with your proposed scope in terms of the country of origin? Your scope is saying that country of origin is where the tire itself is made, even if it's mounted in a third country for importation to the U.S.

If Commerce confers country of origin according to where the tire was actually mounted, like they did in the one-scope determination, that kind of led to including mounted tires for this China petition.

Well, I guess what I'm trying to understand is, if Commerce is identifying the country of origin is where the mounting takes place, how does that affect our understanding of the domestic industry? So you have a tire that's imported into the U.S., it's then mounted in the U.S. before it's then sold commercially before it enters the market, does that then mean the U.S. mounters are part of the domestic industry? Are they selling the domestic like products, is that no longer subject merchandise?

MR. STEWART: Our answer to your question with regard to the mounters in the United States, is no, they would not be part of the industry. We're not -- the case does not involve mounted assemblies. It involves tires that enter the United States, whether they enter unmounted or mounted, all right. But only the tire is included.

So the mounting operations, the wheel operations, production of the wheel to which the tire would be mounted, are not part of the case, they're not part of what the scope of the case is now.

Obviously the Commission has to make a decision as to what they think the domestic like industry is. But in our view, they would not be part of the domestic industry. This is not like where you have a tolling operation where somebody -- we were just in the uncoated paper cases -- and there's the issue of you have reams of paper that are the subject, but you could see a reel and have it slit by a slitter and put into the final form, and those companies that are included because the product they are producing at the end of the day is what is included -- in the case of a mounter in the United States, they're not doing anything. The import would be the import of a tire which entered unmounted. The fact that it gets mounted in the U.S. is irrelevant since the product that's covered is not assemblies. It is the tire.

MS. DRAKE: Just on that point it might be helpful to clarify that. While there are customs rulings that a country of origin of an assembly is the country of mounting. That shouldn't be relevant to the country of origin of a tire. That's a different product. The mounted assembly is a different product than the tire itself.

So we see no conflict between a customs ruling that says the country of origin of a mounted assembly may be the country of mounting, no conflict between that and our scope description, which the country of origin is the country of origin of the tire, no matter whether mounted or unmounted, no matter where it may be mounted, because only the tire itself is covered, and we haven't gotten, so far, any concerns expressed by Commerce about that formulation.

MR. STEWART: Yes, the changes in the formulations were done following concerns that were raised by Commerce or by Customs as to language and whether they felt in the language that was included in the petition was administrable. At no time has there been an issue raised by Commerce or Customs to date -- and of course, we're not speaking for the agencies, we're just trying to respond to your question -- that have indicated any concern about -- since the case only covers tire, if the tire is made in one of these countries, where it would be mounted as being a relevant concern of theirs. Maybe they will say it's a relevant concern in their initiation notice or in some subsequent action, but --

MR. SZUSTAKOWSKI: And it seems like an issue that Mr. Emerson was highlighting in his opening remarks, so we need to go down this path for a little while. How many mounters, independent mounters are there in the U.S.? Those firms that would buy a tire from Titan or an imported tire or some other domestic producer, and then mount it and sell the assembly? Is there a --

MR. STEWART: Your question is multi-pronged, right. Because every tire that gets bought has to be mounted.

MR. SZUSTAKOWSKI: Right. I'm talking about companies that -- not the farm who mounts a tire him- or herself, or somebody that might have the equipment in their mining operations -- a third party that would buy it and then they're selling it commercially as a mounted tire. That's how it enters the marketplace.

MR. NUTTER: Titan and Goodyear has over two thousand dealers that could perform that. SO that's kind of a tough question to answer.

MR. SZUSTAKOWSKI: Are these your dealers? Are these related dealers? Are these --

MR. NUTTER: They are dealers that sell or promote our products.

MR. STEWART: They're obviously also companies that will do mounting for OEMs. If you think about assemblers, all of the equipment manufacturers put in the category of assemblers, a lot of these types of processes often get armed after third parties. So as opposed to agricultural equipment manufacturer mounting the tire themselves, they may have a sub-assembler puts that together for them.

So some assemblers can be done by a company like Titan, since they do it themselves or have the ability to do it themselves. Or there can be independent companies that do it.

MR. SZUSTAKOWSKI: Whether or not it's a -- these independent companies, are they -- are you aware of independent companies buying the tires and then mounting them? Or is it always done as a service where somebody

says, 'I have this tire. I need it mounted.' I'm just
trying to understand the commercial arrangement here for
these, the mounters. Are they --
MR. HAWKINS: There are several arrangements.
Just about any OEM facility has to have a way to mount a
tire. In some cases, they may do it themselves. Some cases
they may have a third party, get the tires, they may buy the
tires for the third party, the third party may buy them --
MR. SZUSTAKOWSKI: So the OEM, it could be like
a Caterpillar and they could buy it from Titan and then they
say, ship it to this mounter. They're going to mount it and
then sell it to Caterpillar like that?
MR. HAWKINS: And then over and beyond that,
most independent tire dealers have facility for mounting
tires. So it could be done by a wide range of facilities.
But there are independent people that will perform that
service for a OEM facility.
MR. SZUSTAKOWSKI: Thank you. Mr. Stewart,
you're drawing parallels between the scope and the PBLT
scope in the sense that these are including mounted tires.
And I understand you're saying that they're identical in
that regard, but in PBLT, is the domestic industry also
identical? Were there PBLT producers that were selling
mounted tires?
MR. STEWART: I don't know that it was ever looked

at, and so I don't know what the answer is. Remember, we brought the case on behalf of the USW. And so we do know that there are imports, there are imports of mounted tires in the PBLT arena, and part of the concern was we did not want to have an evasion problem because we had seen what had happened in OTR tires.

So I don't know if there are domestic producers. And as I said, as was testified to, Titan is the only major U.S. tire producer who also produces wheels, and hence is in a position to offer an assembly to people who want to buy an assembly.

MR. SZUSTANKOWSKI: Pardon me if I missed this during the deluge of testimony, but--so are all tires that Titan sells, any of them, Titan will sell it as an unmounted or a mounted tire? Is that correct?

MR. NUTTER: Correct.

MR. SZUSTANKOWSKI: Do you see that with subject imports, too, then? Are they all coming in as unmounted, or mounted, or--

MR. NUTTER: We see it as both.

MR. SZUSTANKOWSKI: I know, but do you see the full spectrum of ag, construction, mining tires to subject imports, are they being imported as unmounted or mounted?

MR. NUTTER: The same. We see it as both. We see both coming in as mounted and unmounted.

MR. STEWART: The examples that our client has identified for us include at least agriculture and industrial construction. I don't know that we--

MR. SZUSTANKOWSKI: Regardless of the size or the application, it's coming in mounted and unmounted?

MR. STEWART: As you can tell from the statistics, there's relatively little public information. And so it becomes a question, we're competing in a marketplace, our client hears that they're up against very low prices either for tire or an assembly, or they hear that certain producers are shipping products in as an assembly to avoid the duties, which in some cases for some companies is up over 100 percent, right? So it's a big reason to find an alternate way to get product into the U.S. market.

The specific examples that have been found both in the OEM and the aftermarket cover certain agriculture and certain construction industrial tires. We tried to identify some of those for purposes of pricing comparisons that the questionnaire was put together on, but I don't know that we have complete information as to the full range of products that are currently being exported. But obviously any product can be shipped mounted since every product at the end of the day has to be mounted.

MR. SZUSTAKOWSKI: Who are the major importers of mounted tires? Who are the major subject importers of mounted tires? Is that something that is or has been identified?

MR. STEWART: Well you're in the process of trying to gather that information in your questionnaire for foreign producers and from the import community, and so you probably have information in your questionnaire responses that would address part of that.

We have identified some in the context of information that was included in the petition, but we'll try to get some more of that. But literally, we know that there are--we've identified a number of Chinese companies, for example, that are known to have mounting operations themselves. We have identified a number of companies in China that do mounting and could be potential sources of the product, but China or India or Sri Lanka will have a similar situation to what's here in the States, which is at some point in time a tire has to be able to be mounted. If there's an existing equipment where you're doing a replacement, most of the time it will need to be mounted on a new wheel because the existing wheel will still be good and you just mount it on the existing wheel.

So the reality is that there will be hundreds or thousands, or tens of thousands of entities in any of these countries that will have the ability to mount tires and export that way.

MR. SZUSTAKOWSKI: Can you give us an idea of the actual size of the mounted OTR tire market in the U.S.? Without--I mean, I understand that like the import stats are not the cleanest thing right now, but I'm just trying to understand. When Titan is looking at market intelligence about mounted tires--

MR. STEWART: I think its best intelligence is probably what its volume is. That would give you a pretty good idea of at least the share of its volume that it ships as mounted. And that is in the questionnaire response, so you have that information.

MR. SZUSTAKOWSKi: So would looking at Titan's sales of mounted tires and that trend, that downward trend, would that somehow be a lost-sales proxy for how many tires that are coming in that are subject imports that are mounted tires? Is that one way to kind of get an idea?

I'm trying to figure out the denominator here for mounted tires. I just don't understand like, you know--

MR. STEWART: I think the answer is, we don't have hard data that we can point you to. We can tell you that there is some significant demand for mounting services for any tire that is bought. So that can be done internally by OEMs. It can be done internally by distributors. It can be done by third-parties. It can be done at the ultimate end user depending on what the situation is.

And the concern with mounted tires is both we know that there are specific products that are imported by specific customers that are over and above obviously what Titan is producing and selling, and we know that any tire can be brought in mounted. It can be brought in mounted and sold mounted. It can be brought in mounted and unmounted to evade an Order, with the wheel being recycled.

So there's lots of ways one could have competition from an imported mounted tire, and we don't have--there's no public source of data that would let us answer your question as to the relative magnitude.

MR. SZUSTAKOWSKI: Is importing mounted tires, is this like a new phenomenon? Because I mean if we go back to the original China case, it didn't include mounted tires. And, you know, this kind of conveys that this is an operation to, you know, evade the Order, to avoid it.

So when did Titan first see imports of mounted tires entering the market?

MR. STEWART: Well let me answer as outside counsel. They may have seen it in terms of specific counts before then, but part of the challenge in terms of seeing mounted tires on the import side, unless you see it physically in the market, is that there were no import statistical categories broken out. So you couldn't tell before the first case that there were any imports.

And since most of the companies in China are tire producers, just like the tire producers in the U.S. or elsewhere, they don't produce anything but tires. So what you would expect would be coming in would be tires.

But every tire has to be mounted to go on a piece of equipment. And so there is the potential that there were sales that were there, and our client is aware in recent years of accounts that are buying imported tires that are mounted before they come into the country.

MR. SZUSTAKOWSKI: How do they know they're imported?

MR. STEWART: Well, first, there's some information off of things like the AMS database that show them coming in imported. And others get learned from customers in terms of, "we're not buying you, we're buying party X and we're buying it as an assembly."

MR. SZUSTAKOWSKI: So the customers will identify then who is importing the mounted tire?

MR. STEWART: In some cases. Like anything else, you have different levels of communication with your customers.

MR. SZUSTAKOWSKI: I mean can Titan answer then who is actually importing these? Your customers, when they're identifying that they are buying imported mounted tires, who are they telling you is the customer? Is the extent is in Exhibit 1-16 of the Petition?

MR. STEWART: We provided some of that information, and I indicated earlier that we will try to provide some supplemental information in the post-conference. Obviously the company would view that as confidential information, but they'll be happy to supply whatever they can post-conference.

MR. SZUSTAKOWSKI: So there might be other importers than what's been identified in the Petition?

MR. STEWART: Yes. I can tell you that that is true for at least one or two, we just learned about over the course of the preparation for today.

MR. SZUSTAKOWSKI: Okay. So I guess for us to collect these data, and to have like an effective report, you know, it's kind of hard if we're learning about importers on day 21 of an investigation.

MS. DRAKE: Just to be clear, I think the information we have is about individual customers that are purchasing imported mounted tires from the subject countries. That doesn't necessarily mean that those customers are the direct importers who have received an importer's questionnaire from the Commission. And I don't believe if a customer gives you information about its purchases of mounted tires that it then identifies the importer that it purchased the tire from.

MR. SZUSTAKOWSKI: Okay. Thank you.

So do these subject imports, do they replace imports from China?

MR. STEWART: We believe that in some cases the answer is yes.

MR. SZUSTAKOWSKI: Regarding negligibility, if the questionnaire response did indeed ultimately show that there are negligible volume of imports from China, why wouldn't the Commission make a negligible determination regarding China?

MR. STEWART: Well, it's a legal question and it would be based upon what the record shows. And so part of it would be what is the--how much of the universe of imports are actually covered by the questionnaire responses. What level of cooperation did you get out of foreign producers? What is the likelihood that there will be increases in this area going forward? Those would be three of the issues I would think from a legal point of view that the Commission would be looking at in deciding how they would treat that issue.

MR. SZUSTAKOWSKI: So we're still getting questionnaire responses rolling in. Will you be able to provide in your brief an estimate of coverage of the subject countries?

MR. STEWART: Well will, certainly based on whatever it is we have received. As you know, there are oftentimes delays between the receipt by the Commission of questionnaire responses and distribution of those to the parties. But to the extent that we have information, of course we will be summarizing that and trying to provide our analysis of that in the post-conference brief.

MR. SZUSTAKOWSKI: In your opening remarks, Mr. Stewart, you mentioned--I think I jotted this down correctly, that subject imports meet minimal quality standards.

What does that mean?

MR. STEWART: Well I think if you look at the prior case, when you sent out questionnaires to the purchasers, which you obviously don't do in the preliminary phase of a new case, one of the questions you have is: Does the product meet minimum industry standards for quality.

There are issues that go to what the quality of the product is. And our client's understanding of the major competitors in India and Sri Lanka, as well as in China, is that they all produce quality products that meet industry standards, and hence quality, which is usually one of the top three criteria, is not really an issue. Or it is satisfied for the major suppliers.

A lot of times what you hear from foreign producers, or from the import community, is "the most important issue to me is quality." Everybody wants to have a quality product.

The point of raising that is, quality for these major producers is not really a contested issue. We believe that their products are quality products and that they compete with us not on the basis of quality--which we each have--but on the basis of price.

MR. SZUSTAKOWSKI: So I think Mr. Emerson is alluding to this in his opening remarks, that there is a market segmentation that it sounds like we might hear some more comments about, premium brands and whatnot, and that's what I'm trying to understand. Is Titan a premium brand compared to the imports? I mean, how much of that under-selling that we're seeing, is that because it's a--

MR. STEWART: You haven't gathered the information in the prelim that goes at the question of brand premium, so I can only point you to the information from the earlier investigation.

In the earlier investigation, premium for brands were mostly in the I think 2 to 10 percent range that were identified. And to the extent that people argued that they were based on certain types of brands. So a Firestone/Bridgestone, Goodyear, Mechelen usually are identified as brands that have a certain amount of market value.

Titan brand itself in the prior case was found to be, quote/unquote, "in tier 2," along with many of the Chinese brands. And there were some Chinese brands that were found to be in tier 3, whatever that means.

We had the same type of issue in PVLT as a way of trying to say, well, there's not competition between different groups. But as our witnesses testified, and as is true when you get out into the after-market, most after-market customers, particularly if they're in the agricultural sector, industrial sector, typically are looking for the lowest price, period.

So if it's from a company that is a reputable company--and all the major companies in these countries are reputable companies--the issue comes down to they're offering a product.

MR. SZUSTAKOWSKI: Does Titan import OTR tires?

MR. STEWART: Without an importers questionnaire, so the answer is it does, but not from the subject countries. And the volume that it imports is, I think would be fairly characterized as minuscule.

MR. SZUSTAKOWSKI: Why does Titan import low-tier tires?

MR. STEWART: The answer to imports is that they have customers that want a particular say European style tire for a piece of equipment that's European. And they want a Goodyear brand, say. So they would perhaps import from Goodyear overseas.

MR. SZUSTAKOWSKI: Do subject imports compete for this European-style tire?

MR. HAWKINS: No, usually not. There are a certain amount of European sizes that we were buying from Goodyear's European production facility, and they would supplement some of us as we did here when our customers would have a need for these European sizes.

I believe there are companies here that make sizes into that market, but I don't know that they're bringing them into the European market.

MR. SZUSTAKOWSKI: Pardon me one second.

(Pause.)

Thank you very much. That concludes my questions.

MR. ANDERSON: We will now turn the microphone over to our other investigator, Mr. Enck.

MR. ENCK: Good morning. So other than Carlisle's new plant that you mentioned in the Petition, have any other domestic producers opened up new operations, or expanded?

MS. DRAKE: Trevalor is one that was very much towards the end of the period of investigation, and MITAS had a new tire plant that was an active tire plant in 2012.

MR. ENCK: MITAS?

MS. DRAKE: M-I-T-A-S.

MR. ENCK: The new Hankuk, Yokohama, Humo, and GD plants that opened last year, or are opening this year, do they produce OTR tires?

MS. DRAKE: All of the information we have about those facilities is that they produce tires other than OTR tires such as passenger vehicle, or light truck, or heavy truck and bus tires.

MR. ENCK: Are there any official standards, or certifying the DOT certification for passenger vehicle tires? Is there a similar DOT mechanism for DOT tires.

MR. HAWKINS: There is however the Tire and Rim Association, which I don't know that has standards, but has sizes, right?

MR. HAWKINS: The Tire and Rim Association is sort of a design criterion for a single tire. It provides a guideline for the design of the tire.

MR. ENCK: Are Titan's tires warrantied? And how does a customer exercise the warranty rights?

MR. HAWKINS: It definitely would happen if there was some issue with the tire, or the customer notified their local tire dealer, the local tire dealer would notify us and we would send a field engineer out to review the situation and determine if there was an issue with the tire.

MR. ENCK: Do you know if subject imports have the same warranties, or similar warranties?

MR. HAWKINS: I don't know with certainty.

MR. ENCK: Recycled and retreaded tires are excluded from the scope. Do you know, do you have any idea what significance they have in the market?

MR. HAWKINS: Retreaded tires are used in the OTR business and have been for a long time. I don't know the exact percentage they would be of the marketplace.

MR. STEWART: I believe in our discussions yesterday I made a similar inquiry and the answer I received then was that they're not a--they are used in certain segments, but they don't compete typically with new tires. So you get certain uses for which people will just plan on a retread application, and presumably that must be at a much lower price. But then the next go-round they'll go back to a new tire.

MR. ENCK: And the term "retreaded" and "recycled," is that the same thing?

MR. HAWKINS: I don't know that there is a truly recycled tire. I know that several of the major passenger tire manufacturers are trying to come up with a tire that could be completely recycled, but I don't know where they stand with that in their business, but within our industry I don't believe there's any such thing as a completely recycled tire.

MR. ANDERSON: May I just interrupt for a second and ask that you speak a little bit louder, or directly into the microphone. The Reporter is having trouble picking up some of the comments. So thank you.

(Pause.)

MR. ENCK: So you mentioned that there's been a recent downturn in demand in the United States. Do you project that changing in 2016-2017?

MR. HAWKINS: I know in discussions with our OE customers, they don't see the trend turning. One of our largest customers I think mentioned in the last few days that they see it extending out through 2018, but that's anyone's guess, I think.

MR. ENCK: Okay. Thank you. I have no further questions.

MR. ANDERSON: Okay, thank you very much. We will now turn it over to Mr. Henderson.

MR. HENDERSON: Thank you. I would also like to thank the witnesses for traveling here with the limits of this weather this week.

I am going to be very brief, since Mr. Szustakowski ably covered most of the issues that interest me. And this is--I apologize for going over some of the same ground, but I just want to confirm a couple of points.

First, are Petitioners aware of instances in which unmounted subject tires from India or Sri Lanka are mounted in the United States?

MR. STEWART: We are aware of mounted tires from India and Sri Lanka entering the United States. And of course sales to OEMs by imports from either country would be mounted in the United States, either by the OEM or by a third party mounter.

MR. HENDERSON: Thank you. And are you, Petitioners, aware of instances in which unmounted tires that are produced domestically are then mounted by a different domestic producer?

MR. STEWART: Tire producer, Titan in its mounting operations if a customer says "we'll buy your wheel but we want you to mount tire X in your mounting operations" and they would do that but other tire companies don't do the mounting so the answer to your specific question is no.

MR. HENDERSON: Thank you. Now Mr. Brewer addressed a number of issues concern in his custom, very helpfully and as counsel is aware that even assuming Commerce accepts the scope in that definition in the Petition as revised and the Commission defines the domestic-like product in the sense of the scope, the Commission may still need to ascertain whether mounting activities in the United States constitute Domestic Production.

I think we already addressed that issue very briefly but that's something we'd like to see addressed in the post-conference submission and as I said, Mr. Brewer addressed a number of the relevant issues in his testimony. Counsel is aware of the relevant criteria determinant for the Commission in determining whether finishing activities are sufficient to constitute Domestic Production include towards an extent of capital investment, technical expertise involving such activities, value-added, employment levels, quantity and type of parts sourced in the United States. Like I said, Mr. Brewer addressed a number of these criteria but we'd obviously like to see some specifics in terms of numerical information, calculations with respect to Titan's mounting activities in the post-conference brief.

MR. STEWART: Yes, I believe that Ms. Brinckhaus sought some information from the company yesterday and there was a response that went in I think both last night and a revision this morning that addresses at least some of the questions that you have. We will of course address it in the post-conference. I would simply note that since the product that is the subject of the investigation is the tire that in our view the mounting operation is an irrelevancy since it is not finishing anything that is subject but is rather a different article, i.e. an assembly and if the case involved assemblies then we would agree that the criteria listed would be relevant. We will address it in the post-conference.

MR. HENDERSON: Mr. Szustakowski has already addressed the negligibility issue, just one other request to address in the post-conference brief is, and this would go to all parties, please indicate the applicability to these investigations of the Commission's analysis of negligibility with respect to Subject Imports from the Philippines in the December 2015 preliminary determination of circular-welded carbon quality steel pipe from Oman, Pakistan, the Philippines, United Arab Emirates and Vietnam. That's something to be addressed post-conference. Thank you.

That's all I have.

MR. ANDERSON: Thank you very much Mr. Henderson. Now we will turn it over to Ms. Gamache for questions.

MS. GAMACHE: Hello, I would also like to extend my thanks to all of you for coming today. I'll try to keep my questions brief. Mr. Stewart, you had said that the value of wheels and mounting are not relevant to the price of tires however I'm wondering, over the past several years the cost of steel has been declining and I'm wondering if it's possible that one of those cost savings might indirectly be shared with a decline in prices of tires, being sold as mounted tires.

MR. STEWART: Well, I believe if you were looking at assembly prices and that was relevant to the Commission's analysis then certainly that would be a potential issue that one would want to look at. In the case of Titan, we will put in the post-conference brief how their sales are made, if there is anything that would expand beyond what Mr. Nutter explained but as he said when they are offering product to customers who end up buying an assembly, the customer has the price of the tire, the price of the wheel and the combined price of the assembly which is A + B + whatever small charge there is to put it together and add whatever is needed.

MS. GAMACHE: Is that sort of a common process throughout the industry, with most...

MR. STEWART: There is no other major Domestic Producer who produces tires, who does what Titan does so it is the practice of Titan and so from that point of view it is the practice of any Domestic Producers of tires that we are aware of that sells assemblies.

MS. GAMACHE: I'd like to ask a little bit more about kits and see if there is any more information that we can get regarding kits that are common in the industry.

MR. STEWART: We don't actually believe that kits are common. Understand that from our point of view, the language of the scope that goes beyond mounted or un-mounted to pick up that other is simply, the question gets asked "well, if we were brining it in un-mounted and you get an order on un-mounted and then we bring it in mounted and you go after mounted, is there any third category so what happens if they bring it in with the parts to be mounted" because customs treats that as not a tire. We would not have any visibility as to what those were, how that was going. We could be losing sales in the marketplace. We were not getting any discipline from the order.

So the only reason that it is included from our point of view is to say if a tire comes in we view that as covered by the case. We don't know of anybody that is bringing in kits. We don't sell kits and we don't perceive there being a market for kits, but that's because at the moment there is no order that covers un-mounted and mounted.

MS. GAMACHE: Thank you. In the pricing products provided, it looks like there's an emphasis on agricultural tires. It looks like at least three of them were used for agricultural end uses. Is that correct? And if so why the emphasis on agriculture?

MR. STEWART: Several reasons, but first one of the...there are four products. Typically the Commission does not like to have more than four and the way you've done it there's twelve since you did three versions of each. What we did was to look around and see information that we had on specific products that we knew were being imported and mounted. Right, and one of the four was a product that is imported mounted and so because we had that specific example we wanted to provide it because it's a product that we produce as well at Titan.

There is an industrial construction application tire which is there, again because we know that the vast majority of what comes in from Sri Lanka is industrial and there is a lot from India that comes in that's industrial construction. The largest part of the market is agriculture and so we have two samples of agriculture. Our recommendation for that, we could have provided more of other things but we were trying to get the products that we thought we knew there were significant imports coming in based on our own experience in the market and it would cover the areas that were covered by the case since mounted tires was being added. We thought it was important to have a specific example where we knew there was importation.

MS. GAMACHE: Also, this is more of a technical tire question. What is the difference between bias tires and radial tires.

MR. BREWER: Typically, the difference is the angle of the fabric applies within the tire and also a belt packing or a breaker packing on the radial tire in a bias tire.

MS. GAMACHE: May be used interchangeably with the tire, or can one be substituted for the other.

MR. BREWER: Depending on the application. Radial tire carries heavier load.

MR. STEWART: If I could add to that. In the prior case, the information was that seventy percent of the Domestic Market back in 2007 and 2008 was still bias tires. While that percentage is probably a little smaller today, it continues to be heavily biased because the additional cost is needed for most applications, certainly many of the applications of agriculture; some are, some aren't. So you have both bias and radial so it's different than what you see in on-the-road tires where the trend has been to basically, virtually, 100% radial.

MS. GAMACHE: And lastly, this will be a really quick question, but do you see differences in the types of purchasers who prefer to buy via contract or via the spot market.

MR. BREWER: Yes, it's generally OEMs that buy for different contracts and then it's aftermarket customers that are spot buyers.

MR. ANDERSON: Thank you. And now I'm going to turn you over to Ms. Brinkhaus.

MS. BRINCKHAUS: In terms of manufacturing OTR tires, is there a difference in the level of labor intensiveness required as the size of the tires being manufactured increases?

MR. BREWER: Typically, there's more components in the larger OTR tires. I mean it's a semi-automated process so typically the larger the tire, the more extensive the construction.

MS. BRINCKHAUS: And that's in addition to the extra labor required movers.

MR. BEWER: Correct. It's more of the building process and the treading or the lamination process. What I referred to in the statement, the changeovers, the additional labor or cost associated with that is from the reduced lot sizes because of imported tires domestic consumers are buying less tires at any given time.

MR. STEWART: Terry Stewart just to add briefly, the fact that there may be more labor in a larger tire doesn't mean that it's more labor as a percent of the total cost.

MS. BRINCKHAUS: Thank you. Does the level of automation differ from plant to plant and also within a specific plant does the level of automation change depending on the size of the tire increase?

MR. BREWER: Everybody is looking to automate and typically from factory to factory you have processing differences. In our facility in Des Moines, every tire regardless of the size of the tire goes through the basic steps of the manufacturing process and there are no other significant differences there but from factory to factory there are differences within automation and construction of the tire.

MS. BRINCKHAUS: With this being a relatively capital-intense industry is there a benchmark operating margin within you company. You can address that post-conference.

MR. STEWART: We'd be happy to do that post-conference. I believe that when this issue was raised in the prior case that at the time the cost of capital that has return that was needed was around twelve percent as I recall. We will address it post-conference but I'm just trying to give an answer based on what I recall from the earlier record.

MS. BRINCKHAUS: Okay, thank you and that concludes my questions.

MR. ANDERSON: Thank you and now I'm going to turn the microphone over to Mr. Cantrell.

MR. CANTRELL: Good morning. I thank you for joining us and enjoying our post-blizzard celebration and our recovery. My colleagues have stolen most of my thunder I think on some of the questions that I had thought of proposing however I'll go over a few items. I had the pleasure of visiting the Bridgestone Des Moines plant back in 2007 when we were trying to verse ourselves in the technology features and of the off-the-road tire production process and we had a very, very good instructive trip through the Des Moines plant and I noticed during that time there were a lot of at that time, a lot of equipment shut down as has been mentioned here this morning in testimony and most of it dealt with the smaller tires. For example, we saw some 16" front wheel tractor tires produced and I noticed also that in our pricing products we're looking at for the most part three of the four tires are smaller. You know we got a small rear tractor tire, a small front-wheel tractor tire, a kind of a standard skid-steer and then we got the pivot-wheel agricultural tire which I assume probably would also be fitted to OTR equipment as well as. I'm not certain, some reading I've done indicated some of the pivot-wheel tires move so slowly that they can't be fitted to a regular, you know, like farm tractor or so forth but I'm not certain about that.

MR. STEWART: The basic use for that is on those large irrigation sprinkling systems which have been part of the first case and part of this case so the equipment doesn't necessarily have to be self-propelled.

MR. CANTRELL: At any rate, it seems that the -- you know from looking at the pricing products that it appears that the bias ply tires or the smaller bias ply tires also seem to be an issue here and I know some testimony was given this morning about, I believe where smaller tires were mentioned. So from reading through the trade press over the past few years, you can correct me if this is not correct but it seems like in the United States perhaps offshore also we've been engaged in somewhat of a radio revolution in agricultural and mining construction industrial tires.

I know that tractors, I mean now we're looking at this four wheel huge machines and I know Titan in their 10K disclosures indicates that they can produce an agricultural tire up to 54 inches in radius or diameter. Also, over the last few years we've had Redstone, Michelin, Midas and Trailerboard introducing expansions to their plants and I believe most all of that was included the radial tires and not the bias ply tires. Is that your perception?

MR. STEWART: Let me start and then I'll turn it over to the witnesses. Certainly in terms of some of the companies that you mentioned and the facilities that they opened, I believe that most of those facilities are producing the super large mining tires, which are not part of the case. I'll ask Mr. Nutter to review what has been happening in terms of products that are subject because our understanding is that the smaller tires, certainly in agriculture continue to be either all or virtually all bias as you get larger tractors the rear tires are going more and more radial on that.

MR. NUTTER: Yes, you are correct. Basically on your compact and utility tractors, the smaller horsepower tractors are still 90% bias tires up until even you get into the 60 and 70 horsepower and even almost up to 100 they are still bias in a lot of applications. But after that, you're exactly right. It is moving towards the radial and everyone wants the largest radial they can get.

MR. CANTRELL: The Indian tires and Sri Lankan tires that are coming in, I mean are they able to compete with these larger radial tires that are being produced in the United States?

MR. NUTTER: I would have to know more specifics to respond to that actually to know which sizes you are referencing, but they do make those tires. They do make radial track tires just like we do and I will say this though, the bias tires are still a very big part of this market for all manufacturers in the United States and overseas, the bias market is still a major player.

MR. CANTRELL: Well the equivalent that shut down of the tire building and curing presses and so forth that have shut down at Titan, are those both bias and radial tight tires?

MR. BREWER: At Titan we try to keep as much flexibility as we can so the majority of our equipment can run bias or radial tires and we are feeling pressure across the product line whether it's from implement tires through rear tractor tires. So we have idle capacity in the factory from small sizes to large sizes which we haven't seen in the past during downturns such as this. Our flexibility is we try to be able to produce both bias and radial on the same equipment but we do have small and large equipment idle in the factory.

MS. DRAKE: I believe Mr. Johnson testified as to the idle equipment at the Bridgestone facilities. He might want to...

MR. JOHNSON: The five year investment that I have referred to in my testimony that was radial large, radial the vast majority of it and that is what has been idle, the large radial as well. So it's not just a problem that's occurring in small bias, it's across the board.

MR. CANTRELL: Okay, thank you. One question I had, I mean it's been 2007 since I was in the Des Moines plant so we've had quite a number of years for things to evolve in say production technology. Have there been improvements in automation and so forth or changes in the way the tire is built since during this interim 2007 to 2015?

MR. BREWER: There have been some improvements in automation, obviously we're looking for consistency, better quality output. The problem with a lot of the capital projects is because of the downturn and the pressure a lot of those capital projects have been shelled or under the table. But there is always a push to try to improve the consistency of the product and from our view you do that through automation so there have been some improvements in the back here. I can't speak for the Firestone facility. I have not been through there.

MR. CANTRELL: Okay, thank you.

MR. JOHNSON: May I respond as well? You'd feel quite at home if you revisited the Des Moines Firestone operation. It has not changed dramatically. As I said, there has been some significant investment in a certain segment of the product line, but that being idle, the rest of the plant would be very similar to what you saw in 2007.

MR. CANTRELL: Alright. Thank you, sir. I know agriculture is off in mining and I have a basic feel for agriculture so I know you know what's happening in that and it's cost the cyclic whole downturn in the market at this time. But now, on the mining side, I was thinking about the advent of fracking and more natural gas being used in electrical utility plants and the cutback in coal mining. I would assume that that is one factor in the downturn in the mining sector, the coal mining? Or am I off base here?

MR. HAWKINS: No, you're completely right. That's been a big factor. I don't think a coal-base power plant has been put online in a number of years. All the new ones are coming on as natural gas. Some are being retrofitted and have seen a dramatic impact on the amount of coal-mining.

MR. CANTRELL: Is this expected to continue do you think? This trend and kind of flat to downturn in the mining sector?

MR. HAWKINS: I think in coal-mining in particular, yes in my opinion. The other commodities, I think that they are going through a down-cycle. I don't know when the end of that cycle will be but I think people will again start mining for copper and iron ore.

MR. CANTRELL: Just something I was curious about, this new wheel technology, or rims, does anyone have any comment to make on that? I think some are used on skid-steers aren't they or loaders?

MR. HAWKINS: That's Michelin technology so I can't really speak to it very directly other than to say we don't see it in a big place in the marketplace.

MR. CANTRELL: But in any event, that would be considered a tire assembly if something like that were coming in?

MR. HAWKINS: I suppose so.

MR. CANTRELL: Tire and wheel assembly.

MR. STEWART: I'm not exactly sure what you're referring to Mr. Cantrell. What we will caucus and put something in our post-conference.

MR. CANTRELL: I think it's like a plastic composite, spoke type material. Supposed to have certain advantages in hauling loads down roads to minimize the bumping action and so forth.

MR. STEWART: We'd be happy to provide a comment in our post-conference.

MR. CANTRELL: This will be my last question, if someone could make some comments about the low sidewall technology that Titan has developed about the advantages and the sizes of the tires that are involved in the low sidewall technology.

MR. NUTTER: Basically what we've done is Titan has made, taken the standard tire, made a larger rim diameter and then put a smaller aspect ratio with that. If you looked at the tire some of the benefits you'll see are reduced road lope, better traction and the OD will still be interchangeable with a standard tire OD-wise. I don't know if that answers your question, what you're looking for but if the tire is currently at 42 and we change the OD on the bead to a 46 it will now replace that 42-inch tire with a 46-inch assembly.

MR. CANTRELL: So most of those larger ones would be radials as indicated earlier?

MR. NUTTER: Yes, sir.

MR. CANTRELL: Thank you, that ends my questions.

MR. ANDERSON: Thank you Mr. Cantrell. I'm going to turn the microphone over to our statistician, Russell Duncan.

MR. DUNCAN: Good morning. My first question relates to the import data set methodology in the related case on OTR tires back in 2007/2008. We initially pulled data excluding twenty dollar per tire merchandise and over the course of that proceeding multiple cuts of the data at different unit values were run. In this proceeding, you seem to have focused in on the 35-dollar rate. Is that the unit value should the Commission choose to rely on official import statistics used in determining the merchandise subject to the investigation.

MR. STEWART: Let me take a first swipe at that if I can, Mr. Duncan. The data, as we presented it was described by Ms. Drake earlier and actually since the original case, some of the statistical breakouts that we achieved in mid 2014 took care of some of the statistical noise in un-mounted tires because we got some statistical breakouts for ATV and lawn and garden which permitted you not to have to worry so much about the lower ends of the statistical breakouts. So I believe what we did in the petition was to look at the data from the time that there were those statistical breakouts and then applied ratios going back in time.

However, we also ran the data looking at what was done in the original case and the Commission had come up with twenty dollars in our prehearing brief. At the final we had suggested twenty-five, but we had also given twenty-five, thirty, thirty-five, forty. Before the hearing, we ran the data looking at are there differences if you were to go back to that methodology and do twenty, twenty-five, thirty or thirty-five and the answer is there are marginal differences. Whereas in the first case, for some reason when you went down to twenty you had a trend change direction and volume.

That wasn't true if you went to twenty-five or thirty or thirty-five and all of the questionnaire responses in that case had indicated that there had been increases. The twenty-dollar figure that had been picked by staff strangely had a downward trend in imports in the last year but I think the battle over which was relevant really flowed from that. We don't know of many tires that are relevant or any tires that are relevant that are under thirty-five dollars so if you were going to do the same type of analysis we would think thirty-five dollars would be a fair valuation but a lot of the noise has been taken care of by some of the statistical breakouts that come into existence in July 1, 2014.

MR. DUNCAN: That's only covered part of the picture.

MR. STEWART: Only covers part of the picture. So if you're looking to go back in time and you want to just look at the statistics and run those variables, what we found is that there is virtually no difference in twenty or twenty-five or thirty or thirty-five. We did thirty-five because we are not aware of tires being sold at any volume at below thirty-five dollars.

MR. DUNCAN: The issue the Commission faced and the related cases back in 2007, 2008, data-wise also related to the reliability of using unit as a quantity measure and differences in average unit values across firms, within firms, between product offerings, what is the role of product mix in this industry? Does that significantly affect the analysis we would have to conduct on aggregated U.S. producer data? And to what extent?

MR. STEWART: Well, if one is doing -- the only relevance of it would be in an underselling type situation, because you have sales revenue and you have profitability, so most of the trend lines are, I think, straightforward. You have also requested weight data in the questionnaire for one of the data sets, so that you have quantity and, I believe, weight. Is that on production?

MS. DRAKE: I know that in the first round of cases, you requested both quantity and weight.

MR. DUNCAN: I do not believe we requested a weight measure.

MR. STEWART: You didn't request it in this time? OK. My apologies. For some reason, I thought I saw that in the questionnaire. In any event, the information that you collected, there are obviously are mix issues in any industry where there are many different sizes.

We were involved in the bearing cases for forty years, and you know, they go from a quarter of an inch to sixteen feet in diameter, so lot of variation in terms of product, and there's a lot of variation in product here, so obviously if you're looking just at aggregate average unit values, there is minimal value in that kind of comparison. It is of some value, not of no value, but it won't account for any mix changes that may occur.

MR. DUNCAN: So that's sort of my question to you. Has there been, over the period of investigation, product mix changes by your client or in other questionnaire submissions that you see that may be relevant?

MR. STEWART: Well, I'll turn it over to them to answer in terms of some of the specifics, but my understanding is that there is large volume in the market for the small sizes, particularly in the aftermarket.

Where you had the larger contraction it's been an OE and the large contraction in the OE would probably push you to a smaller size because in agriculture, for example, a lot of the new products that are being sold or have large tires on them, so my guess is that you probably have over this period of downturn, perhaps a small shifting to smaller sizes on average versus what you might've had in the earlier period.

MR. DUNCAN: Which could explain some of the trends in value and unit value.

MR. STEWART: Changes in material costs, all those things, one can say there would be some effect. But when you take a look at the bottom line, which is what happens to the profitability of the industry, etcetera, I believe that all of those other things fall into place, which is you have a variety of things pushing down prices.

You have reductions in raw materials, but you also have tremendous pricing pressure coming in from imports, which are substantially lower priced on individual items as we presented in the petition and hopefully the data that you get on the four models will give you some information.

One caveat on the four product that are out there is that you have not separated out OE and aftermarket and in lots of products there can be some significant difference between OE prices and aftermarket prices, so that is a caveat that you would have on the price side.

MR. DUNCAN: What size of price difference for the same exact product do you likely see between OE --

MR. STEWART: If you're -- it's like anything else -- if you're selling to an OEM account, you sell a hundred thousand units, the price is probably going to be a lot lower than if you're selling to a distributor who wants to buy ten.

MR. DUNCAN: Getting away from the pricing products per se, but we requested channel distribution data on commercial shipments from the players in the industry breaking out OEMS, which I think everyone around the table has a good handle on what that type of a shipment is.

But the other category was distributor. I actually have a question on that category. That's everything else. You often have used the term 'aftermarket'. Should that be understood to be the same thing as the channel to distributors? And then you're talking about that channel to distributors, are you talking about reporting sales that your companies ship to distribution locations that you own, are those included? Are they distinct from a separate channel to an independent distributor entity?

MR. NUTTER: Yes. Our aftermarket is our distributing chain for our dealers. Our dealers, and when I say this 'our dealers', they sell our product. We have no financial -- we don't own any part of their business, but they sell our products. They sell everyone's products. In some cases, they sell multiple brands.

But we have wholesalers that are considered aftermarkets, and we have direct dealers, they're the ones who actually put the material on, or put the tires on the mount and do that type of business.

MR. DUNCAN: So the financial operations of your related distribution networks aren't included in your questionnaire data submissions?

MS. DRAKE: The distributors are not related price to Titan. The phrase 'our distributors' means our friends distributing our product.

MR. DUNCAN: Not related to your company?

MR. NUTTER: Correct. There's no financial between us either way. They're not related in that way. I apologize if I didn't say it correct.

MR. DUNCAN: I misunderstood, but that's fine. All right, so these are independent entities. When the tires are on their floors, are they still owned by you? Is it sort of a consignment arrangement? Or has it already cleared a commercial sale to these dealers?

MR. NUTTER: No. It's already been sold to those dealers. They own the product.

MR. STEWART: We do have a few arrangements where we do have consignments, but currently the overall total is minor.

MR. DUNCAN: It's a minor segment?

MR. STEWART: Yes.

MR. DUNCAN: Back to the product mix issue. On average, how many -- what's the variety of different models and/or SKUs that might be within the merchandise sort of being considered in relation to these investigations? Thousands, hundreds? What sort of level --

MR. STEWART: Fourteen hundred different SKUs? Fifteen hundred different SKUs?

MR. HAWKINS: So, of those fourteen hundred SKUs, can they -- what share -- just approximate if you have a ballpark idea -- are user specific SKUs? That they're only sales that you would sell to a specific end-user. A specific OEM, versus ones that are more interchangeable, can be sold at several different end-users?

MR. NUTTER: Currently all of our products are sold to both sides. We sell to the aftermarket and we sell to the OEM. We don't distinguish between those two.

MR. HAWKINS: Ours are interchangeable that way.

If you were to look at a John Deere tractor versus a Case tractor, the wheel on there may be different, but the tire would ideally -- they are the same.

MR. DUNCAN: It's not a matter where you would have to produce a tire specific to the end-user needs. You're producing tires that can be used by multiple end-users for the most part.

MR. STEWART: Let me give a non-industry specific supplement to that. There are a lots of industries that supply parts to equipment manufacturers, and sometimes the first time there's a request, you have a product that is specific to particular piece of equipment, and I suppose that that can be true in the tire business as well. And over time, if it is a popular part --

MR. DUNCAN: And it becomes standardized --

MR. STEWART: -- people will be looking for it, it will fit what Mr. Hawkins indicated, it will suddenly be used in a lot of different applications of similar size for similar type of equipment.

MR. NUTTER: And I would like to add, there's one part about that -- let's just throw out a size of a 12-4-24. There could be multiple ply ratings for that size that could be used in different applications and requirements. So that one size may not just fit all. You may have to have additional information with that.

MR. DUNCAN: In terms of the different sectors, we had some discussion -- the testimony, the industrial, the mining the agriculture -- where do you -- I'm asking Titan in particular -- look to in the market for indicators of where demand is going in those markets?

MR. HAWKINS: The way customers are usually in discussions with them and there's usually a direct indication of what next six weeks, six months, or a year look at them.

MR. DUNCAN: So it's a closed business information relationship between customers and yourself for the OEM. What about for the aftermarket?

MR. HAWKINS: The aftermarket's a little bit, I guess more on us, and we're constantly looking at trends in that industry, and we make our own kind of forecast of where we think that's going. Having said that, some useful indicators are commodity prices drive a lot of the stuff, especially in mining and agriculture. Looks like housing starts for construction.

MR. DUNCAN: Housing starts for construction? In mining?

MR. HAWKINS: A general rule of thumb is that you can follow the commodity prices. I mean --

MR. DUNCAN: So the price isn't --

MR. HAWKINS: When we see prices for copper and iron ore, where they're at now, you know that there's going to be a very tight mining market.

MR. DUNCAN: That's helpful. Thank you. In the related case back in '07 and '08, uh, there was some discussion about whether certain upper larger-ish OTR tires, geared toward the construction and mining, had enough differences from the rest of the merchandise in the OTR tire universe to warrant considering them as a separate like product of the Commission for the most part.

Weighed in on your, the Petitioner, your viewpoint at the time, not saying that there's one universe that's single domestic like product, I saw from your testimony earlier that you agree that that's -- the conditions have not changed for that analysis, is that correct?

MR. STEWART: That is correct. Today, there are several more facilities in the United States that are dedicated and only produce the superlarge tires, 39" or above, for the mining sector.

The reasons for the differences were laid out in the Commission determination back in 2008, but the -- you know, you start with -- you need different equipment to produce the tires, different -- and you have different curing equipment that you need.

When it gets out of the place, it goes to different customers. For example, most of those tires, if they're going to a company like Caterpillar, they don't go to Caterpillar. They go to Caterpillar's customers direct, because they are so huge, they are not going to be mounted by Caterpillar.

They're going to be mounted at the mining location and in fact, the Caterpillar equipment is so huge, that it may go in pieces and be assembled at the mining location as well. You need special equipment to be able to move the tires, because they're so huge, they can't go on all roads, they have to go on roads where you can oversize vehicles, oversize loads.

The vehicles themselves cost, I think, more than twice as much as the vehicles that move the tires that are subject to this case. And you need special training to be able to handle them out in the field, and you certainly need special training if you're going to be producing them within a factory. So all of those things that were true then and continue to be true now. Today you have more facilities that only produce those tires in the United States.

MR. DUNCAN: Even if we didn't gather the data breaking it out this way, it's your contention that the subject imports are also in those ranges as well as the lower volume. The higher volume is small.

MR. STEWART: We don't believe that there are any significant imports of those supersize from the subject countries. Which is probably the reason that they're not part of the case.

MR. DUNCAN: Well, I'm not talking about the excluded products here. I was talking about those mining and construction that are still within the range of OTR tires.

MR. STEWART: I'm sorry. I'm sorry. I misspoke then. I thought you were talking about the excluded products. What I talked about was what made the products different. The products that are included, the mining tires that are produced in the same factories on the same equipment by the same workers and move through similar channels, identical channels of distribution, so there's no difference from our point of view in terms of those products, and ag products or industrial construction products.

MR. DUNCAN: So just to be clear. When you were talking about those dedicated facilities, that was in your understanding, in discussing about outside of scope products?

MR. STEWART: Thirty-nine and bigger mining tires, that's right.

MR. DUNCAN: You had some helpful information to try and help us understand the amount of subject merchandise coming in from China which, as you're well aware, will be the mounted merchandise. Looking at those HTS provisions where you did successfully get break-outs for the mounted tires. You presented some statistics.

You see that on one of your slides, China accounted for 85 or 86% of the merchandise that enters under the new HTS numbers. And then you went on to say you had these HTS numbers that weren't broken out for -- and then you include all of the dollar amount or the quantity amount of merchandise reported under those numbers.

One would assume those numbers are huge basket categories and likely include merchandise that are not subject to the case are not these mounted OTR tires. So wouldn't the more relevant statistic be to look at for those were you successful got a break-out for, to see how much of the new HTS numbers accounted for of the previous larger numbers they were within? And then apply that ratio to the ones that you did not successful get a break-up for?

MR. STEWART: Well, that is an approach that certainly could be looked at. We didn't in the petition, nor was it my intention in our statement, to suggest that 100% of the basket categories were of the relevant product.

What we stated in the petition was, these basket categories are huge in dollar amounts, a large part of what comes in those basket categories is from China and that even if one category, and I believe there was one category that was the most relevant, even if only 15% of what came in from China in that category -- forget the other fourteen -- was mounted tires that you would be well above the negligibility threshold.

So we presented then most of the understanding of what the universe one was looking at was clear. And then to identify how little one would need out of any one of those categories, if in fact that they were mounted tires that were in there, that would get you over the negligibility hurdles.

MR. DUNCAN: So if that 15% threshold is reasonable, given the categories that you did get break-outs for -- maybe it was just 3% that ended up being in those new HTS numbers -- why would 15% be a reasonable estimate for that?

MR. STEWART: The construction that you're making is perhaps due to my unartful description. What we said was, we don't know how much of any of these categories are mounted tires. And so the hope was, that through your questionnaires, etcetera, that you would be able to get better information than is publicly available.

For purposes of the petition, we were saying we have these fifteen categories. There's one that pertains to tractors and I believe is it tractor wheels? Yeah, it's just tractor wheels, all right? And there are customs rulings that say a wheel-mounted tire of that size or whatever, would go in that category, all right? So it's not a broad category. It is wheels. All right? But it includes --

MR. DUNCAN: Any additional analysis like that for the brief that you're going to be filing would be much appreciated, because it's obviously going to be an issue we, as staff, are going to be looking at closely to try and get the Commission the best numbers that they can have to be able to deal with this very relevant issue of negligibility.

My last question, I just wanted to go -- obviously seen with the line of questioning and the structure of the questionnaires and the preliminary phase of these proceedings, that this mounting issue was one that staff really tried to get a grasp on. I think there may be some differences in view, initially in how the questionnaires were drafted and how you're describing the mounting should be viewed in the market and that's something that we're obviously going to have to work out going forward. But I wanted to dig a little bit deeper into some of the differences between the tire production, the mounting operations specifically, two questions.

One is, were I, out of the blue, wanted to construct a tire production facility. How much money would

I have to spend? Compared to, were I, Greenfield again, decide I only want to focus on purchasing unmounted tires. And I want to mount them on tires. And I want to have a facility for that. And what is the dollar amount of the facility I'd have to pay for that?

MR. BREWER: In the capital investment in a manufacturing plant is significant, I mean millions and millions of dollars. You have to have, you know, an infrastructure that has steam boilers, all of the -- when you look at a mounting facility, it's miniscule. I mean it's really not even relevant when you look at the dollar amount of a manufacturing plant versus a mounting facility.

Mounting equipment is readily available. All you need is air to run it and air up the tires. So the, I mean it's, I wouldn't be able to give you a percentage, but it's very minimal when you look at the comparison between manufacturing start-up costs and a mounting facility.

MR. STEWART: We'll try to provide you more specifics in the post conference, but Mr. Hawkins comment to me was, 'It's probably one-onethousandth, if that,' of the cost.

MR. DUNCAN: And the other question in relation to this mounted tire operations aspect and the actual tire production aspect is, so you have preset curers and you have a bunch of capital invested into actual production equipment for your tire production facilities. What actual equipment -- and you touched on it very briefly -- but describe the equipment. What is actually required to have a mounting operation?

MR. BREWER: Well typically, you have to have -- it depends on the size of the tire, but in general, you have to clamp the wheel into place, so you would have a clamping device. You would have an arm that rotates around the flange of the rim that feeds the bead onto the tire. So basically you would have a clamping device on the bottom side and an arm that runs around the top of the wheel that feeds the bottom bead of the tire on, and then an inflation hose to actually air the tire up.

MR. DUNCAN: And this would be equipment that every dealer has?

MR. BREWER: It's readily available in the market.

MR. DUNCAN: Thank you. That's it for my questions.

MR. ANDERSON: Okay, thank you, Mr. Duncan. I'm going to -- Ms. Haines, do you have questions?

MS. HAINES: Elizabeth Haines. Thank you very much for the very helpful testimony. I have no questions.

MR. ANDERSON: Okay. I'm going to look around at my colleagues to see if there are any follow up questions. So, thank you very much. I know I'm standing between you and a break, but I did want to follow up on two or three real quick items here.

When you talk about branding and price premium, we've heard both in the opening statement that premium brands command premium prices, but we also heard from you that the premium pricing, or the margin is very small. I wasn't sure if you were talking about currently or in the previous case.

Could you just tell us either now or in your posthearing brief, what has been the impact during the period of investigation of the cyclical downturn, if any impact, on premium pricing or premium branding?

MR. STEWART: Why don't we handle that in the postconference, because I'm sure there'll be some confidential information.

MR. ANDERSON: Okay, great. My second question is, Mr. Emerson stated that the market is highly segmented, and we've heard some testimony about the impact of the downturn in demand in the different market segments, but I wanted to give you a chance either now or in the posthearing brief, because I expect we'll hear a lot more about the level of competition, direct competition in each of the market segments, if you could either now or in the posthearing brief, specifically talk about each of the segments, what the demand has been like and where that level of competition is with the subject imports?

MR. NUTTER: Basically, so let me just clarify. Would you like, talk about OEM and the aftermarket segments?

MR. ANDERSON: I guess I'm talking about agriculture versus --

MR. NUTTER: Oh, okay. Basically right now, with the environment we're in, with the commodities, that type of thing with crops and everything else, in agricultural, brand preferencing is dissipated greatly. It's cost and availability is what is the number one selling. Pricing is key.

And what we've seen is where it starts there and even if you go into the industrial side of it, the construction side, with construction we see small spikes, but it's the same scenario. Where it once was, people had a higher regard for set items, but now people aren't doing that. Our customers aren't doing that. Dealers aren't doing that.

It's more a referencing of cost and availability is the key components to that. And if you go to -- whether it be industrial or construction -- it's the same throughout and actually even into the OTR side, the larger tires, it's even gotten worse. SO I would say agricultural and the OTR side, the large industrial tires, it's really hit the economy hard.

And which is driving pricing is -- you see the pricing reflecting it -- and which is causing -- and now with the competition we're feeling right now, uh, whether it be in those market segments or, as I stated in my statement regarding the OEM market, which you didn't ask about, it's gotten that part of it has become so competitive that it's just hard to compete with any of the foreign suppliers.

MR. STEWART: Let me see if I can add a little bit to that, Mr. Anderson, see if I can help at least prepare you for your next round of speakers.

If you take a look at production of the tires that go into any of those 'segments', they're all produced in the same facilities on the same equipment by the same workers using the same raw materials under different formulas.

You have a continuum of product because, as you would expect, if you have a particular size tractor or a particular size piece of industrial equipment or whatever, you're going to need a certain size tire.

And it will be true that there's not interchangeability between large rear tractor and maybe a skid machine, etcetera. But that said, they're produced in the same facilities, the same workers. They're sold by the same people in terms of the company. And at the OEM you have major OEMs who do agriculture, industrial equipment at the same time.

So at an OEM account, a Titan may run into competition from Chinese product, from Sri Lankan product and from Indian product. Now, the Indian product may be in agriculture and industrial construction, and the Sri Lankan product may be largely in industrial construction, but there, it's the same customer, the same buyer and they're up against the same domestic producer then.

In the distribution as I understand it, distribution for the bulk of what comes in, which is agriculture or industrial construction, you have the dealers that are out there handle all of those products, based upon the demand in their particular market area is. So we believe in distribution, as well as in production and sales, that there aren't different industries, even though there is different demand, and demand is driven by different cyclical needs.

Obviously if I'm a mining company and I'm looking at whether I buy a new Caterpillar machine to help me at a particular mine, what's happening with commodity prices for the product is that my mine is very important to whether or not I can justify that expenditure. That'll be different than the farmer who's looking to buy a new tractor and decides that with corn prices down as low as they are, he can't afford to go out and buy a new tractor.

So sure, there are different demand drivers, if you will, for different types of equipment that derivatively drives the demand for the tires. What they're not, this is not a market that says there should be multiple industries, an ag tire industry, an industrial tire industry, a mining tire industry.

So if that is the argument, then we would, we of course, would address that in a postconference, but don't believe that the basic factors support that type of analysis under Commission case law.

MR. ANDERSON: Thank you for that very thorough answer. Kind of seguing into that, you mentioned a little bit about raw materials, and we've heard about this decline in raw materials and how that may be lowering the cost of production and so forth.

Either now or in the post hearing brief, could you talk specifically about what the level or magnitude of those declines are in some of those materials? Obviously there's obviously rubber and maybe cost of energy and so forth, and to the extent that your customers or the industry expects U.S. producers, not just Titan, but U.S. producers to either try to pass through or pass down some of those cost savings. And what that environment is like. And that includes all U.S. producers.

MR. STEWART: We'll be pleased to do that postconference. I would note that it was a question that was raised by Ms. Brinckhaus in one of the questions that the company filed a response on last night and again this morning. So I think you have good information from the company already about how that works for Titan. But we'll make sure that it's in the postconference brief as well.

MR. ANDERSON: And I know we'll get the data, but I was curious more about the perception from your customers and what -- you know, you talk about that environmental and that pressure and so forth, so. Okay.

MR. STEWART: Postconference.

MR. ANDERSON: And then, just two real quick last questions. We heard some information about expansion in subject countries of production of the subject product.

I wondered if, without too much effort, if you had any information in the postconference brief about demand in those markets. And how it would compare to what we're hearing today is about the downturn in the U.S. or North American market, if you have any information on demand in those markets where the production in occurring.

And then the last question was, particularly -- we heard a little bit about U.S. capacity expansion, and I know some of that is nonsubject, but we do have an instance in your brief where a company is expanding a U.S. tire plant, that is specifically subject product and also we heard that that same company, Trelleborg is expanding in a foreign market, more tire production.

Can you just give us a sense of -- and I believe that was in 2010 -- and the question is, is that plant exporting to the U.S. subject product in the POI and then, how would you reconcile that expansion? And I know you're not representing that one particular firm, but how do you reconcile the expansion with this considerable information about a downturn in demand?

MR. STEWART: I'm not exactly sure the full range of the products that they produce at the facility. It is a case that that facility was started in 2012 when things were still fairly decent in the marketplace. Plants are long-term kinds of investments, so sometimes you start a project that maybe you regret that you started. I can't speak for them whether that's the case. We will provide in the postconference any information we have about their exports and presumably if they would've receive a producer questionnaire, I assume, and if they were importing they would have filled out an importer's questionnaire. So, hopefully you will have the real information from them as part of the questionnaire responses if they've responded.

MR. ANDERSON: Thank you. That concludes my questions, and I wanted to thank the panelists again very much for all your preparation, your testimony and for being here today. Right now, we will take a fifteen-minute break and we'll return in fifteen minutes and thank you.

(Whereupon, at 12:15 p.m., a recess was held to reconvene at 12:33 p.m.)

AFTERNOON SESSION

(12:33 p.m.)

MR. ANDERSON: Good afternoon. I want to start the conference again here, and thank you all for coming in this panel. Especially thank you for coming here to D.C. and preparing to address the Commission here today. I want to note at the outset before I turn the time over, just as a reminder to speak clearly into the microphone, make sure it's on and then also if you're speaking, if you could, state your name clearly for the court reporter.

I know we have a large panel here and they will try to keep the transcript current and accurate, given the amount of people that we have on this panel. So, again, welcome to the Commission and the time is now yours.

MR. EMERSON: Thank you very much, Mr. Anderson. Again, this is Eric Emerson with Steptoe and Johnson. I'd like to get right to work and pass the microphone over to Domenic Mazzola from ATA.

STATEMENT OF DOMENIC MAZZOLA

MR. MAZZOLA: Good afternoon. My name is Domenic Mazzola. I am Vice President of Engineering and OE Sales of Alliance Tire Americas, or ATA. I'm responsible for ATA's sales of OTR tires or original equipment, OE, customers.

I'm joined today by my colleagues, James Clark, President of ATA, and Bob Arnold, Vice President of Aftermarket Sales. Together we have over sixty years of experience in the tire industry with a number of different tire producers.

For your information, ATA is the U.S. sales affiliate of the Alliance Tire Group, which manufactures OTR tires in Israel and India. Alliance Tire Group is a highly innovative company that introduces more than a hundred and fifty new tire products each year.

ATA employs over a hundred people across the United States and supports a U.S. dealer network with tens of thousands of employees and we're a valuable partner to a wide range of OE manufacturers.

I would like to speak with you today about core issues regarding the U.S. OTR tire market that are necessary to put Titan's allegations in perspective. These issues are the structure of the U.S. OTR market, how that structure must affect the Commission's analysis of the demand for OTR tires, Titan's role and reputation in the U.S. OTR market and finally, an explanation of price trends over the Commission's period of investigation.

My first main point is on extraordinarily high level of segmentation in the U.S. OTR tire market. This is simply not accurate or meaningful to view the OTR tire market as a single market where all imports compete against all domestic production for customers. Rather, the U.S. OTR market is a series of niche markets, which dramatically reduces the level of head-to-head competition among producers.

The first market distinctions end-use in the OTR tires from China case, the Commission divided the market into three segments: agricultural, construction, mining and industrial. But in reality, the market is far more segmented than that.

Take agricultural tires for example. The agricultural tire market consists of at least three different submarkets: high horsepower tractors, small utility tractors and tow-behind equipment. The tires sold in each of these submarkets are uniquely designed to meet the requirements of the equipment in that submarket.

To meet our customers' needs, major OTR producers must maintain enormous range of products. For example, Alliance Tire Group has an item with more than nineteen hundred SKUs for OTR tires, with tires ranging from ten pounds to twenty-five hundred pounds and ranging in price from fifty dollars to thirteen thousand dollars per tire.

The second market distinction is the division between OE market and the aftermarket. While the tires sold in the OE market and the aftermarket are themselves identical, the characteristics of these markets are quite different.

Whereas Titan tends to focus on the OE segment of the market, nearly 85% of our sales are made to aftermarket customers. As a consequence, now the demand from its principal OE customers has declined, Titan has fewer commercial opportunities to fall back on.

The third market distinction concerns perceived quality and brand recognition. Broadly speaking, the market is generally split into three tiers. At the top tier are the brands with highest brand recognition: Michelin, Bridgestone, Firestone, and Goodyear branded tires which are produced by Goodyear directly and by Titan under license. These tires are prominent with OE manufacturers.

The second tire consists of Titan's own branded products, Trelleborg, Mitas, the Indian producers, Camso, Petlas and some of the Chinese producers. These tires are also marketed to OE, but a larger share are sold in the aftermarket.

The third tier includes Chinese and other Southeast Asian manufacturers. Because of perceived quality differences and greater brand recognition, companies in higher tiers are able to command price premiums for otherwise comparable products.

My second main point concerns trends in demand.

It's not really possible to talk about the demand for OTR tires in the aggregate. Because of segmentation I described earlier, the Commission needs to drill down and look at trends in demand on a more granular level.

The agricultural market provides a good example. Titan talks about overall decline in the demand for equipment in the agricultural market as reason for its lag in sales. It's certainly true that demand in certain parts of the agricultural market have been declining.

From 2012 to today, commodity prices have experienced a significant cyclical downturn, and as a result, demand for certain types of tractors has declined dramatically, particularly the large, high horsepower tractors that form a core of Titan's business strategy.

But the dairy and cattle farmers, for whom grain is a primary cost input, have generally benefited from this fall-off in commodity prices. As a result, demand for small utility tractors that are used extensively on these farms has increased over the small period.

My third main point involves some perspectives on Titan. My information on Titan is based on my nearly twenty years in the tire industry, but is also based on the numerous conversations we at ATA have had with our customers over the years.

Titan's strategy is focused heavily on sales of complete tire wheel assemblies to the OE segment of the market. Titan's website confirms that its wheel subsidiary is the world's manufacturer of off-highway wheels. Selling a complete tire wheel assembly gives Titan a significant commercial advantage because it both streamlines the purchase by the OE, while blocking entry of other tire manufacturers that do not provide wheels.

By the same token, Titan's dependence on the OE segment of the market has meant that they have suffered most from the downturn in demand at the OE level. Also, Titan has made a number of critical errors in its business strategy that we believe are inhibiting its ability to compete.

For example, over the past years, Titan's reputation has suffered significantly. Several of our large customers have told us that Titan has not provided deals with the same level of after-sales service as other suppliers.

Another misstep is that Titan seems to have misjudged the market by emphasizing low side-wall LSW tires. LSW technology is fairly old, but Titan has decided to push this technology as a distinguishing feature for its agricultural tire line, where the purported benefits of LSW technology are still questionable.

But these tires have not been widely accepted in the marketplace, as LSW initially required special wheels and purchasers have not experienced the benefits claim by Titan.

Finally, my fourth main point concerns pricing for OTR tires over the Commission's period of investigation. As a general matter, prices for OTR tires have declined from 2012 to the present. But those declines were directly tied to the decline in the cost of raw materials during the same period. The vast majority of the cost of any OTR tire consists of just a few raw material inputs. The cost of these inputs has trended down by nearly 60% since January 2012.

And just as costs have declined, so too have prices. In our confidential brief to be filed next week, we will submit a graph to illustrate the prices have also trended downward over the same period. The prices in several of our contracts with OEs are tied explicitly to raw material costs indices and are subject to periodic revision.

We believe that Titan, all their suppliers have similar clauses in their supply contracts. Aftermarket purchasers have become very aware of these raw material trends and they expect price declines as well. I appreciate the opportunity to present this testimony to you today, and my colleagues and I look forward to your questions.

STATEMENT OF ERIC C. EMERSON

MR. EMERSON: Domenic, thank you. This is Eric Emerson from Steptoe and Johnson. I'd like to just make a couple of quick points and then turn it over the folks from BKT.

The first concerns the approach the Commission should be taking to the domestic like product issue, and I suspect we'll have questions about that later on, but I did want to focus really on the way that Petitioner has approached this issue. The Petitioner has basically said, 'Look, a tire is a tire, regardless of whether it's mounted or unmounted,' and that's obviously sort of questionable.

But the question -- that's not the issue. The issue is when a mounted tire is sold because that's the way it's entering commerce in the United States, is that the same way that an unmounted tire is being sold.

You need to look -- the Petitioner has the -- it's their right to define the scope as they see fit, assuming that the Department of Commerce agrees. If they're focusing only on the tire component of a mounted tire, if the Department believes that's an appropriate scope, that's for them to decide.

But when the Commission looks at this issue, the Commission needs to look at it from a competitive perspective. How is that tire being mounted versus unmounted being sold in the United States? And it's at that point that the Commission needs to take a look at the six-factor test, and I promise, I won't bore you with all six factors. We'll bore you with that in our postconference brief.

But when you look at it simply on, just take one for example. Physical characteristics. The physical characteristics of a mounted tire and the physical characteristics of an unmounted tire are different. A mounted tire has a wheel in it. An unmounted tire does not.

Petitioners may say, 'Well, now the tires are the same,' to be sure. But when those are sold, and mounted tires are sold in the United States, that's the reason the Petitioner has included them in their petition, but you need to look, the Commission, respectfully, needs to look at that as that, you know, what's the competition taking place in the United States?

And once that, I think from that perspective, the answer from the six-factor test is actually pretty clear. But the Commission should conclude that mounted and unmounted tires are separate like products.

I also wanted to speak just for a minute, and then I'll turn it over, on the pricing issue. There was some discussion this morning about the AUVs and where the appropriateness of AUVs, and I think even Petitioner concluded, though perhaps not as strongly as we would, that the use of AUV data is to determine anything in a case where there is such product differentiation, really is not so useful.

And I would also say even that some of the pricing data the Commission collected at the preliminary stage here, is perhaps not as useful as it could be. Product 7, for example, if I remember correctly, covers tires, among other specifications from I think fifty-five to eighty-five pounds, which, from the Commission's perspective, may not seem like a lot, from our perspective, does. And covers a number of different SKUs, and each of those SKUs, you know, the product mix changes over time.

And so the price series and the price trends that you see, for example, for some of these pricing products, might not be representative of apples to apples changes of the same product over time, but simply might result from a mix of products changing from quarter to quarter.

So I think the use of these average prices is really very difficult and I think it goes again to the point that Mr. Mazzola made earlier and that we'll hammer on, which is the segmentation, the extreme segmentation in this market. Commission really does need to look at the market on a much more granular level, rather than looking at major import trends. And with that, I will turn it over to my friends at BKT.

STATEMENT OF BRIAN ROBINSON

MR. ROBINSON: Good afternoon, ladies and gentlemen. My name is Brian Robinson. I'm the Vice President of BKT USA Incorporated. We are the marketing arm for Balkrishna Industries, or BKT for short. I'm here today to make a few remarks on behalf of BKT and respond to your questions. By way of background, I have more than thirty years of experience in the tire industry, and I'm very familiar with all segments of the business, including the OTR market.

BKT India has sold OTR tires in the U.S. market for many years, and has established itself as a reliable high-quality Tier 2 supplier of off-highway tires. Our tires are well-made and we provide excellent service to our customers.

We are not a low-price competitor, quite the opposite. We have established ourselves as a high-quality brand, that competes fairly and responsibly in the U.S. market. Indeed, BKT opened Akron in 2011, specifically to provide support services for the U.S. market. BKT USA's area of focus is mainly off-highway tires.

We also have an office in Brentwood, Tennessee, which was set up to deal primarily with the construction and the mining sector. BKT is investing and developing a modest presence in the United States and competes predominately in the replacement market for high-end OTR customers.

Our current mix of business is exclusively aftermarket in nature. To sell to the OE market, one must go through a long process and meet the requirements. So given these facts, we're a really insignificant presence in the OE market.

As an importer, we are perplexed at the Titan petition against India. BKT has not flooded the market with cheap Indian imports. To the contrary, we have maintained a modest presence and even reduced imports in line with market conditions.

Indeed, the last thing we want to do is devalue our customers' inventory investment in our products. On the other hand, Titan does not own the sole rights to the U.S. market. We believe and adhere to the principals of good and fair competition.

Titan has already obtained relief from China, but clearly is not satisfied, because now they're claiming that China is imported mounted tires, and that those mounted tires should be included in the new case with India, even though India only ships unmounted tires. These are very different products and they're designed for very different markets.

In our view, Titan is trying to blame imports for what is really a combination of market cycles and internal financial problems at Titan that have nothing to do with Indian imports.

But it's true that there has been some demand changes and challenges in the last three years. For example, prior to the POI was a boom time for agriculture. High crop prices and yields led to income in farmers' pockets and more demand for tractors and tires.

But from 2012 to 2014, we had a very well-publicized severe drought in North America that reduced crop yields, and less money for new equipment, including farm tires. And the issues have been compounded by the inability to renew certain tax breaks for farmers which contributed directly to fewer purchases of equipment through 2015.

More recently we have seen the drastic declines in commodity prices, which has affected the demand in the mining industry and the rise of the dollar affects exports of heavy U.S.-made equipment. The good news is that we do see a rebound in the construction industry and we expect an increase in that business.

But none of these factors has anything to do with imports. These are part of the normal cyclical ups and downs in our business. And the off-highway business is prone to cycles.

Price has always been an important consideration for this market, but as the staff reviews pricing information, please keep your eye on raw material costs. Rubber is the single-most important raw material costs in a tire. And rubber prices have dropped over 50% in the last three years. That affects all producers.

Nevertheless, even in the face of dropping raw material costs, BKT has managed to keep prices steady so as to insure our customers inventory was not devalued. We are responsible market participants.

On the other hand, in our view, Titan has made some unfortunate decisions which have been expensive. They invested heavily in the OE market, a sector which has been most impacted by this downturn, as well as their LSW technology which has failed to take hold in the marketplace and has proven too rich for a market relative to other technologies.

They have had write-offs from their investments in Russia and Italy as well. They cannot blame Indian imports for these mistakes.

Finally, we want the Commission to take note that Titan is the only company joining in this petition. BKT competes with Titan, Firestone, Michelin and other large, well-known U.S. brands. The others are not complaining because this is not a case about fair trade.

This is about Titan and their inability to compete. Thank you for your time. I am happy to answer any of your questions.

STATEMENT OF MATTHEW NOLAN

MR. NOLAN: Thank you, Brian. Good afternoon, ladies and gentlemen of the Commission staff. This is Matt Nolan with Arent Fox on behalf of BKT. I'm going to echo a few comments by my colleagues that were here before me and try not to be too inflammatory about it, that sometimes I get ahead of myself.

Last night I heard on the Republican debate that everyone was talking about the elephant that wasn't in the room, i.e., Donald Trump. Well, we have an elephant that's not in the room here. And that's called 'Who's supporting this petition?' Where is the support? Titan is obviously here. But where is Firestone? Where is Bridgestone? Where is Michelin? Where are the other U.S. producers who would be supporting this? They're not in this room. Now maybe they're silent supporters.

But this should be an indication to the Commission that you should consider carefully whether the industry is actually before you. The Commission does not provide relief to a company. It provides relief to an industry. Is the industry here? I think it's not.

Eric already provided some comments to you on the like product and market segmentation argument. We won't get back into that too much, other than to echo his comments, which we concur with completely.

The Commission needs to take a hard look at whether the addition of mounted tires should be treated as a separate like product. In our view, there were different physical characteristics, they're not interchangeable with unmounted tires. They're a limited channel of distribution, mostly in the OE market, and they're perceived differently by customers. All of these are the standard factors that you look at.

And on top of that, I would suggest that the petitioners brought this mess to you. All right? They brought in that they want to bring mounted tires from China into this investigation, don't have good data to present to the Commission, are asking you to figure it out. Right?

That alone to me would suggest that this should be segmented onto a different track in this investigation and be considered separately along like product mode, because this is complicated the life of everyone unnecessarily in the main part of this investigation. So please take a hard look at that.

You're looking at the product as imported here. You've not been charged with deconstructing it, like the food channel. Right? The product is imported with a mounted tire. Not a tire that was mounted, brought in unmounted and then the tire sold. There's a difference there and that should be recognized going forward.

The witnesses have already discussed the cyclicality of the tire business and the current issues in the agricultural and mining sectors, as well as the impact of current exchange rates on international sales of U.S. heavy equipment. We all know and have seen the reports in the news every day about all this.

Indeed, the Petitioners themselves this morning, fairly eloquently described the decline in conditions to the current bear market conditions in agricultural and mining. And yet they then minimize those effects and say imports are really the reason why we're here. But that doesn't make sense to me.

Titan's quarterly results and investor presentations every time -- if you read any of their things, they focus on the market. They're focusing on the downturn in agriculture.

They're focusing on the downturn in commodities, which directly affects the mining industry, the extraction industry, which then go straight to Caterpillar. It goes straight to John Deere. And who are they? They're the original equipment manufacturers that are selling the stuff in from the OE market potential.

They're the ones most directly impacted by this. The aftermarket is not immune, it is affected. But the OE market is the focus of a lot of the downturn right now. And guess who specifically invested all their time into the OE market? Titan. They made a bad bet.

You know, and the market goes up and down, and in four years, they might've made the best bet of the century. But back in 2008, 2009, it was a good bet to be in the OE market. Now it's not. That's a business cycle issue. It needs to be recognized here.

Market segments. Titan says it is both OE and an aftermarket manufacturer, but as I've said, they've really focused their attention on the OE market, which has been more affected. Indeed, their LSW technology product is really concentrated to the OE market, because it's a brand-new tire wheel assembly. You put it on the tractor. You would sell it to John Deere and they would take it out to the market. You're not going to start selling LSW technology in the aftermarket so much.

The farmer already has the tractor in the aftermarket. Is he going to replace the entire wheel with a new wheel and tire? When all he has to do is go out and buy a new tire? The answer is no. The LSW technology is for OE equipment, new equipment coming in.

Let's discuss for a minute Titan's so-called injury. They're blaming imports for lost sales in depressed market conditions. It ignores the current OTR business cycle which we've already discussed.

In addition, their masking some seriously bad bets that they have made, which we've already touched upon. They have invested heavily in the LSW tire technology, which has been slow to be accepted by the industry.

Why is that? Because you have to buy the tire in a special sized wheel, that is made specifically for that LSW tire. I heard this morning that you can interchange tires on those wheels -- I don't think that's correct. I think you have to buy an LSW wheel to fit an LSW tire on it. And Titan is the only one that makes those wheels and tires right now.

So, how many farmers want to buy a new wheel when they already have one, and how many farmers want to buy an LSW technology tire when the only tire you can use to replace the wheel on the wheel is Titan's product?

MR. NOLAN: You just go into the aftermarket and buy a different tire. They have invested heavily in Russia, which has resulted in a significant loss to Titan. You can read it in their annual report and their quarterly results.

They have taken hits on earnings from their operations in Italy, Australia, and Latin America, all during the POI. That has nothing to do with imports.

On price, Eric also discussed price. We agree that you should be carefully examining the role of rapidly declining raw material costs, which make up about 50 percent of the cost of a tire. That was your finding in the last investigation on OTR tires. I don't think that's really changed.

On top of that, we have obviously plummeting petroleum prices. So to the extent that petroleum or synthetic products are being used, those have also gone from $100 a barrel oil to $30 a barrel oil, with obvious implications on the cost of a tire.

So we urge you to consider carefully that the products selected for price data here are not uniform in price and quality.

Conditions of competition. I want to mention very briefly that titan has some serious advantages over imports which you need to consider.

One, they are a tier one brand insofar as they have the Goodyear Brand name. And they have bought that brand name specifically to be viewed as Tier one.

Two, they have a strong, if not dominant, position in the OE market segment where only U.S. suppliers like Firestone and Bridgestone and Titan compete with approved supplier status. We will raise this in the post-conference brief more succinctly, but don't lose sight of the fact that the OE market, you don't just go to John Deere and say I want to sell you some tires, right?

There is an approval process it needs to go through. The Indians, for the most part, have not gone through that process. Certainly PKT is not an approved supplier in this context. You have to meet some standards. You have to meet their spec's. You have to pass a number of tests.

It is not easy to be an OE supplier. They have exclusive rights to sell to the U.S. military and to the U.S. Government under the Buy America Rules. And they have something called Just-In-Time Inventory capability, something which the Indians don't have at this point because they have to ship product from India to here, which is a 90-day turnaround time. There isn't a huge amount of inventory that they can just go and feed into the market.

I would note that it's a little ironic that India receives GSP benefits as a developing country, which is a break on tariffs, and yet we're sitting here saying that they have a price advantage.

Well, they don't have to pay a tariff that other folks do because they're a developing country. And I would note, with one humorous note at the end, that Titan doesn't make tractor tires for antique tractors. And I think you've seen the recent correspondence to that effect, "Support

Rural America."

And, we're done.

STATEMENT OF S. SEETHARAMAN

MR. SEETHARAMAN: Good morning. I am S. Seetharaman. I'm an architect from India. I represent CEAT Limited, an exporter of the subject merchandise from India.

I would like to mention a few critical issues for the consideration of the Commission.

Firstly, products covered within the scope of the investigation as the domestic like product cannot be treated as one single product, contrary to the claims made by the Petitioners.

It is true that OTR tires, excluding certain gen tires, were considered as a single product broken in OT-1 case. Oh, well, this issue was not seriously contested or considered in that case. It needs to be re-examined for several reasons.

The market for OTR tires is segmented based on at least four factors. End-use is number one. Second is size. Third, radial or bias. And fourth, whether it is for premium or for the replacement market.

This is apart from the new classifications sought by the Petitioners, mounted or unmounted. Considering the limited time available, I would like to focus on the first two factors. That is, the end-use sector, and size.

In terms of end-use, OTR tires may be classified into agricultural, construction, industrial, and mining tires. Tires for one sector are not known to be interchangeable with that of another. They are not interchangeable primarily due to product characteristics, and the equipment onto which they are to be fitted.

The differences include composition of the rubber and other chemicals; features, treading patterns, et cetera. In terms of size, there's a clear dividing line between small, large, and giant tires.

Tires of different sizes are meant for different end-users. For instance, in the agricultural sector small tires generally cater to the front tires of tractors, or as tires for trailers or ancillary equipment; whereas large tires are used in the rear portion of tractors, and in other high equipment. Very limited fungibility exists between tires of different sizes.

Our unit prices also vary significantly across sectors based on size. We have proper segmentation, and proper product segmentation would also offer a clearer understanding of the structure within the U.S. market.

Petitioners conclude that the U.S. market had declined concerning all segments together. This statement is misleading on many counts.

For instance, in its 2013 year-end presentation to its investors, Titan had stated that significant growth was expected in residential construction. And further forecasted increase for demand in the replacement market for tires meant for industrial use.

In Capital Q results of 2014 and 2013, it is stated that there has been increased sales in the construction industry. Even in the agricultural sector, while shipments of large tires declined, U.S. shipments of small farm tires did not decline and remained stable, as stated in the Exhibit I-27 of the Petition.

If the products covered within the scope are treated as a single product, despite the differences the injury assessment is bound to be skewed, losing objectivity and reasonableness.

Now let me move on to the second issue. Imports from Sri Lanka shall not be cumulated with imports from other subject countries when assessing injury for several reasons.

Primarily, tires imported from Sri Lanka do not compete with the tires from India. Going by the Petitioners' data, imports of unmounted OTR tires from Sri Lanka are almost exclusively for construction or industrial use throughout the period of investigation; whereas, imports of unmounted OTR tires from India are predominantly for agriculture and forestry sector. Tires of these two segments are not fungible in nature.

The average unit values of Sri Lankan imports have been consistently lower than the average unit value of Indian imports from my about 12.3 percent to 18.6 percent during the Period of Investigation, according to the Petitioners' data.

The difference appears to be steeper if prices are compared on a segment-by-segment basis. It is true this kind of average unit value analysis would vary based upon the product mix from country to country, but still the Sri Lankan prices appear to be lower than that of Indian prices.

In the OTR-1 case, the Commission had observed the presence of a hierarchal branch, and concluded that the price premium for the Tier One brand ranged between 10 percent and 15 percent, but might also be smaller or greater in particular instances.

The price difference ranging from 12 to 18 percent between Sri Lankan tires and Indian tires is a sufficient indication that they cater to different market segments, and that there is no reasonable overlap of competition between the tires imported from Sri Lanka and India to cumulatively assess them, both in the yearly and other investigations.

Also, it would be inconsistent to cumulatively assess Sri Lankan imports with other subject imports insofar as the antidumping investigation is concerned, as no allegation of dumping has been made against Sri Lankan imports. This is fully in line with the correct interpretation of U.S. 19 USC Section 1673, 19 USC Section 1677 (n)(g), in terms of appellate body ruling in U.S. Carbon Steel v. India, DS 436, Cumulation of the type sought by the petitioners in this case is inconsistent with the U.S. obligations.

As to the third issue for consideration, if you consider the data presented by Petitioners, the volume of total subject goods given in Table 5 appears to include volumes in Table 2 twice. The double counting may be corrected appropriately, this very minor double counting, after adjusting for the double counting of imports together, both subject and nonsubject, is declining, implying a decline in total import volumes.

Yearly total value of imports in 2014 was down by 16 percent compared to 2012. During the first three quarters of 2015, year end value was 14 percent down, compared to corresponding period of 2014. There is a significant and overall decline in the total imports per se. Imports of subject merchandise from all the three countries constitute only around 20 percent of total imports by value.

As the Petitioners have themselves have admitted, total size of the market for equipment across various sectors is declining. Under these circumstances, the domestic industry cannot be materially injured or threatened by reason of imports, let alone subject imports.

Finally, since the weight of OTR tires vary significantly, considering the number of tires as a unit to assess volumes may not be appropriate and therefore the Commission should consider assessing import volumes by weight. It may not be ideal, but it may be better than number of tires.

The Petition includes both unmounted and mounted tires. We submit that producers of mounted tires include tire companies such as the Petitioners, Williams, and integrators. Williams produce and consumer mounted tires. Integrators produce mounted tires for sale. Therefore, the Commission must necessarily seek information from all Williams and Integrators in order to properly assess whether there is injury to the domestic producers of unmounted and mounted tires.

I thank the Commission for giving me this opportunity.

MR. O'BRIEN: Commission staff, Mr. Anderson, I am Kevin O'Brien from Baker & McKenzie. Good afternoon. On my left is Christine Streatfeild, my colleague from Baker & McKenzie. And on my right is Mr. Robert Bulger, the Vice President and General Manager of Camso Construction. And

Mr. Bolger will now present on behalf of Camso, and then I will follow up with some additional comments.

STATEMENT OF ROBERT BULGER

MR. BULGER: All right. Good afternoon, Commission staff. As mentioned, my name is Robert Bulger. I am the Vice President and General Manager of Camso's Construction business unit. I am based out of our U.S.A. location in Charlotte, North Carolina.

Today I am going to represent Camso USA, who is the importer and distributor of off-road tires in the U.S., as well as Camso Loadstar which is our Sri Lankan producer and exporter of these tires.

By way of background, I have been in the industry for 10 years. Prior to that, I spent approximately 20 years in the industrial products market covering the gamut from manufacturing sales, distribution, to general management.

I would now like to take the opportunity to provide Camso's perspective on some of the issues in this case. First, just a little background on Camso, and really one of the predecessor companies which is Solideal, specifically. We have been producing and selling pneumatic OTR tires since 1990.

Camso produces both pneumatic OTR and solid tires in Sri Lanka for world-wide distribution, some of which obviously comes to the United States.

I will come back to the point about solid tires a little later in the discussion.

Camso operates under a business unit structure, and we have four business units. One, agricultural tracks. Number two, material handling. Three, power sports. And four is construction.

Of these four business units, only the construction BU deals with OTRs in this case. Camso is headquartered in Magog, Quebec, Canada. We have sales of approximately $1 billion. We employ 7500 employees in 24 countries; 700 of those employees are in the United States.

We have four manufacturing locations in the U.S., in Peosta, Iowa, Emporia, Kansas, Plattsburgh, New York and Knoxville, Tennessee.

I will concede that I was somewhat expecting something along this line, but I was surprised at the inclusion of Sri Lanka in the case. Camso is responsible for the vast majority of exports of OTRs that come into the U.S. of Sri Lankan origin.

Relative to the overall size of the U.S. OTR market, there is in actuality little competition between Camso and titan and other U.S. producers. And to my knowledge, price-based competition is even smaller. In fact, we estimate that we compete directly with Titan in a very small portion of the market as identified by Titan. And one reason for this--and I am going to echo a few things that have been said already, is the fact that the market is quite segmented.

One of the brightest lines of segmentation is that between OE and after-market. My understanding is that Titan's business is much more focused on the OE side of the business, and I would urge the Commission to compare the major customers of Camso with those of Titan, and I would be surprised if you find a meaningful overlap.

As different as the OE and after-markets are from a business standpoint, there are even more differences from a product standpoint. We do sell a very limited number of assemblies or mounted tires. This is not a core part of our business. And again this will be confirmed in our questionnaire response.

My understanding is that much of Titan's sales to the OEM market is mounted tires. Needless to say, the product's cost and pricing involved in selling mounted tires to OEs differs fundamentally from selling unmounted tires into the aftermarket.

Next, putting aside the OE aftermarket distinction, the OTR market is segmented by industry with agriculture, construction, and mining industrial being distinct segments that generally do not overlap in terms of

OTR selection. And in fact within each of those categories, there are subsegments.

Let's put things in perspective. Camso does not sell into the agricultural market, which is a segment that Titan has pointed to in published reports and in their presentation today as being a market where they experience difficulty. Not a market we play in.

Camso does not sell into the mining segment, another segment that Titan has conceded that they have seen sales deterioration clearly tied to declining commodity prices largely driven by reduced demand out of China.

In contrast, we do sell into the construction market, which interestingly enough as recently as November 2015 Titan described this segment positively in announcing their third quarter earnings. Titan's public statement distinguished difficulties in other market segments as follows:

"These decreases were partly offset by stand-alone demand for products used in the construction industry."

Just to be clear, Camso sells into the construction market, which Titan regards as relatively stable and offsetting difficulties in other segments. In the other segments, we are not a participant.

The absence of meaningful competition between

Camso and titan is borne out by the products selected for the Quarterly Price Data in the Commission's questionnaire. Titan certainly knows the markets very well, yet for three of the four products selected for Quarterly Price Data Camso had no sales whatsoever during the entire multi-year investigation period.

And even with the one applicable category, Camso had notable volumes in only one size. So in other words, Camso had zero sales for 10 of the 12 products identified in the questionnaire, and negligible sales for one other product.

This underscores the lack of competition between Camso and Titan and U.S. producers in general.

Finally, focusing on the construction segment, you can further break this segment down between two distinct tire technologies that have been mentioned earlier: bias and radial tires. While Titan manufactures a range of products utilizing both bias and radial technology, Camso only manufactures bias tires.

To clarify my point, Camso does not compete with Titan in an subsegment of but one segment of their business. So in summation, in the OTR market as defined by Titan, we have distinct markets, OE and aftermarket.

We have distinct industries: ag, mining, construction, industrial. And we have distinct technologies: bias and radial.

As important, we need to talk about pricing. And I do not believe the data will show a significant price competition between Camso and Titan or other domestic suppliers. Camso Solideal's brand is well known and very respected in the OTR industry.

Camso and their predecessors have served the U.S. market for more than 25 years. We provide timely delivery, high quality after-sales service, warranty support, long-standing relationships, trust, and we also carry product locally through four distribution centers throughout the United States.

These are among the many and critically important nonprice factors required to build and maintain a strong brand. I am not saying price is not important, for it surely is. But there are other factors.

I believe the data will show three main points. First, direct competition with Camso and Titan will be relatively infrequent, particularly compared to the OTR market taken as a whole.

Second, in those cases where we actually do compete, the data will be mixed. At times, Titan prices will be lower than Camso's. In other times, Camso's prices will be lower than Titan's. Compared with the very important reputation and other nonprice factors involved, this is to be expected.

And without a question, we are in a very competitive market and there has been significant downward pressure on prices. And in large part that is driven by the raw materials. Now just to put a little history here, back when raw materials were skyrocketing and we were looking at rubber going to $6--and this is going back a ways--we educated our customers on looking at what's going on with raw materials. Because at that time, we had to put in quarterly price increases.

So that was wonderful, as prices were going up. Obviously as prices started going down on raw materials, our educated dealers and customers were still going to these same metrics and looking at them and they were watching the reverse. They were watching rubber come down. They were watching steel come down. And they were putting pressure on all players in the market to adjust their prices to reflect the new reality of costs.

So I can say unequivocally we are not one of the low price leaders in the construction segment. We do maintain our sale despite higher prices, underscoring the importance of some of the nonprice factors that I mentioned earlier.

One topic that came up as well was just in terms of measuring and comparing prices, and I think the comment was made that we did not, or the Commission did not ask for more weight. But we feel it is important to look at weight-based data. Because even within a product family you are going to have significant differences in the amount of raw materials, which is the single largest factor in the product driving the cost.

Finally, I urge the Commission to take a hard look at the import data in the case. Camso also exports solid tires to the U.S. from Sri Lanka, and the sales of those tires did have an uptick in 2015. To the extent that Titan is arguing that there has been a significant increase in import volume, solid tires are likely to be a part of that data that was relied upon because, quite honestly, otherwise we do not see that number.

And if I may, I just had a couple more things I just wanted to bring up based on the presentation. Again, in terms of the price effects, in the presentation by Titan average import unit values have fallen by 10 to 20 percent. And certainly part of that is going to be product mix impact. The other part is going to be strictly the impact of raw material decreases.

Okay? And what I will say is over this period of time we have seen our margins improve at Camso on these products, as we have tried to maintain a higher price point and hold off on reducing price aggressively in the marketplace.

That doesn't sound like somebody who is dumping products or driving price down in the marketplace.

The other point I would like to make, in closing, is in the last page in terms of threats, Titan refers to recent expansions to provide more than enough capacity to increase exports in the absence of relief. And they list a number of competitors.

What is interestingly absent here is Camso. We have no new Camso capacity. We have by far the major share of all exports of the subject tires coming into the United States. And so there is no capacity that we are putting on to further drive down pricing.

And obviously I'd love to hear questions at the end of this. Thank you.

STATEMENT OF KEVIN O'BRIEN

MR. O'BRIEN: Thank you, Mr. Bulger. This is Kevin O'Brien. I have a few comments to make.

One, just to underscore what Mr. Bulger just said, Camso is the overwhelming majority of covered product coming out of Sri Lanka. So while we're only speaking for one company, it does give a pretty good view of what is coming from that country.

Second, it is important to keep in mind this is not a dumping case against Sri Lanka. This is a subsidy case, the first one in more than three decades, filed against the company. And it is --this is an odd case. As Mr. Bulger said, we were surprised to be brought in. And the more you look at the data, the more surprised we think you'll be.

It is important to focus on the pricing data on a customer-by-customer, or size-by-size basis. As Mr. Bulger mentioned, of the 12 product sizes that were in the questionnaires, 10 of them we had zero sales, absolutely zero sales. The 11th category we had minuscule volumes. And for one, and only one, category did we have significant volumes.

But within that category, there were several products, and they vary dramatically in terms of price profile. So if you just look at that one product category, you are still not getting a real handle on whether or not we are impacting the domestic industry.

So how do you get that handle? Well go to the customers. As Mr. Bulger said, compare our customers with those of Titan. Or contact the customers directly. Or we will provide information that we have on competitive pricing.

What you will see, we believe, is a mixed bag. You will see Titan pricing below Camso. And sometimes you'll see Camso pricing below Titan, as would be expected in a dynamic market. But that is what our firm belief is with respect to pricing.

With respect to market segmentation, you have heard a lot of it so I don't want to repeat that, except from Camso's standpoint it's important to understand what we don't do.

Wd don't sell mounted tires. We don't sell into the ag market. We don't sell radial tires. We don't sell into the mining market. We sell into a sliver of the overall market, that being compact construction up to 25 inches.

On the issue of fungibility, I wanted to make two main points. One is the notion that these products are fungible is simply incorrect. Titan's witnesses, I think, I believe I heard mentioned, 1400 skews just from Titan. That's hardly a fungible product. These are very, very specific products tailored to industry to application.

The other, what I believe was a flat incorrect statement is that the production lines can shift. That is absolutely not correct. Camso's product line--production line is for bias tires. It makes no radial tires. It is for construction treads. It is not for agricultural treads or other industry specifications.;

The idea that Camso could switch its production line to make radial or some other kind of tire is just plain wrong. These tires are not interchangeable. The opposite is true.

Another point I wanted to make was with respect to the presentation that we heard today, there was a slide on price effects which compare the pricing from Sri Lanka with China with India. And that I think tells the story quite eloquently.

There is a precipitous drop in pricing from China between 2014 and '15. There's a stronger drop from India. And then there's a more or less flat line from Sri Lanka from 2015.

Now if these products were competing against one another, that simply wouldn't be the case. It reinforces the fact that these are very, very different products.

The final point I want to make is that I would ask the Commission to pay particular attention to the Petition itself, when the Petition is discussing material injury and threat of material injury. There is barely any reference to Sri Lanka. There is a lot of talk about China. There's a lot of talk about India. But, frankly, you read that threat section and the material injury threat section and you're left with: Well what is Sri Lanka doing here?

And we have the same question in our mind. And with that, I'll conclude my comments and be happy to answer any questions. Thank you.

MR. NOLAN: I'm just going to jump in for a second. Do our friends from Speedway want to say anything now, or would you just like to answer questions?

MR. ANDERSON: I'm sorry. Could you turn the microphone on and start again?

MR. HUBBARD: I think this should actually be an SEC investigation with Titan instead of a trade investigation. That's all I have to say.

MR. NOLAN: That concludes our remarks, and we reserve time for rebuttal for the balance.

MR. ANDERSON: Okay. Thank you, very much, to this panel for your direct testimony. And now we will turn to staff. We will start with the investigator, Michael Szustakowski, for questions.

MR. SZUSTAKOWSKI: Thank you all for being here today. It's a pretty big panel. We appreciate the effort to making the trip here.

I am trying to understand. Do you all have the same unified theory of market segmentation? I mean, is this--I'm hearing OE, aftermarket, bias, radial, ag, construction, mining. What else is there? I've got eight different sort of factors to consider so far. Are there more?

MR. HUBBARD: Actually we consider irrigation, one with a IR in front of it. Titan does not make an irrigation tire with an IR on it. We shorten the bar. We add those on retarten. It's a very highly specialized tire. It has to sit out in the hot sun 24 hours a day. It's used for watering fields. It does not release those on retarten like a car tire or a OTR tire that's being used and run regularly. It's a highly specialized. It's a totally separate entity in our business.

MR. SZUSTAKOWSKI: I'm just going to request that everybody identifies themselves before they start speaking, given the size of this panel. We don't want the Court Reporter to have to--

MR. EMERSON: Understood. This is Eric Emerson. Certainly no one wants to have my words attributed to them, so I appreciate that very much.

I think that when we look at the market, the market its, if you will, segmented in a number of different ways. And it will affect the Commission's analysis of the market for different reasons.

For example, we talk about market segmentation in one way. Ag, construction, mining. And then industrial. And then as Mr. Mazzola testified, even within that there are further breakdowns. And so there would be, for example, in the agricultural sector there would be the high horsepower, large tractors, where Titan has really focused its efforts.

Then there are smaller industrial--and where at least our client, Alliance, is not. Then there are smaller tractors that would be used on say cattle and dairy farms, for example, where there are other market participants playing.

So at least--and then each of those types of equipment, as you burrow down, requires a tire with a different specification, different performance standards, and so forth. I think that's one way of disaggregating the market to look at it.

But then again, we also talked about OE and aftermarket, which is--and there's an original equipment market for all of that. There's an aftermarket for all of that, all of those three kind of industrial segments, the industrial segments that we described.

MR. SZUSTAKOWSKI: I think somebody mentioned size, too, like the size diameter as well. Mr. Seetharaman was saying that size is another. So I'm just trying to understand this matrix of what it precisely looks like.

MR. ARNOLD: Can I try a minute?

MR. SZUSTAKOWSKI: Of course.

MR. ARNOLD: I am Bob Arnold with Alliance Tire. Just hitting on the categories, or the way we're dividing the market right now, it's extremely much more complicated than that.

For example, we're talking ag tires, and you have a definition of how the ag market segmented. Well actually forestry tires fall under the agricultural section. This is a totally different market unto itself with different sizes, and different needs and applications.

So I mean we deal a lot in the skid-steer product. The skid-steer product is a market unto itself. It's a segment unto itself. So drilling down, and I don't relish your job to try to figure this out because I've been doing it all my life, and it's a complicated business when you really drill down to the details of the business.

And trying to just throw an overall blanket on the fact that prices are going down because of this is really difficult to do.

MR. SZUSTAKOWSKI: What Mr. Bulger was telling us, testifying was that they produce a certain type of tire for a certain sort of application, and that Camso is unique in that way. Are the other Respondent producers, are they also only concentrated in one narrow type of tire? Are importers only concentrated in importing and selling one narrow type of tire? Or are the importers selling tires for the ag, forestry, mining, construction? Are they selling all these different types of tires and importing them?

MR. ARNOLD: I mean I think each company is unique unto itself. I mean, we look at maybe more of a broad line approach. I know that we're in the same market as Solideal. In some areas we're in the same market as VJT in some areas, Titan in some areas. Some we're stronger, some we're weaker. You can't just say--

MR. SZUSTAKOWSKI: You're selling into different markets, but I guess I'm trying to understand. So you will sell into all these different--not all of them, necessarily, but--

MR. ARNOLD: Not all of them necessarily. Not all of them we're really strong in. Some we touch on, some we don't.

MR. SZUSTAKOWSKI: What about the other importers here? I'm sorry, who here is an importer? I'd just like a show of hands.

(A show of hands.)

MR. SZUSTAKOWSKI: Okay, so the other importers, what markets are you selling into? I mean, Mr. Robinson?

MR. ROBINSON: Brian Robinson from BKT. When you talk about markets, are you talking about a regional specific, or are you talking segment? So for segment--

MR. SZUSTAKOWSKI: Segment, unless regional is another segment.

MR. ROBINSON: So segment, we cover all off-highway tire solutions. So basically from ATV to the large earth mover.

MR. SZUSTAKOWSKI: Let's stick with the OTR.

MR. ROBINSON: Okay, well that's covered by that spectrum, if you will. We have agricultural tires, small industrial, lawn and garden, off-highway, mining tires. So as they were saying, it's a very large group of tires that don't necessarily fit any conditional parameters, other than the pieces of equipment and the industries that they're used in.

MR. SZUSTAKOWSKI: Okay.

MR. BULGER: Maybe just to take a short at clearing this up--Bob Bulger again from Camso. If you look at segments, so start with segments, you have the industrial construction segment. You have a mining segment. You have an ag segment.

Okay, within those segments, then you have the technology. Is it a bias technology? Or is it a radial technology that is used? And in some of those segments both are prevalent, and some they are not.

And then you have channels to market. And those channels to market would be OE and Aftermarket. So it can get complex when you're trying to mix them altogether.

MR. SZUSTAKOWSKI: Right. Okay.

MR. RAMANUJAN: If I may?

MR. SZUSTAKOWSKI: Sure. Go ahead.

MR. RAMANUJAN: This is Adarsh Ramanujan, a foreign producer. We understand your question, and you will see different words coming out of different people's mouths on how to classify the segmentation here. I think that is an indication of the complexity.

But at some point we need to figure out the best method of collecting data and classifying the goods. And when you see it from that perspective, a lot of the statements begin to kind of harmonize.

To give you a simple example, ATC in the beginning talked about agriculture sector being subdivided into high horsepower, smaller tires, and ancillary equipment. Alright? If you go to the size and dimensions of these kind of tires, you will tend to notice that the high horsepower tires are bigger in size, larger diameters; whereas the front tires of tractors are smaller in diameter, and the ancillary equipment are also smaller in diameter.

In some ways, therefore, the segmentations will harmonize at some level. There's also another reason why we need to look at it a little more carefully. I think a lot of it goes to the standardization that is involved in the industry. If you look at the TRA standardizations on this, there is a listing of the different type of tread patterns that apply for an OTR tire depending on the function or purpose it serves.

For example, if you take a rear view for a tractor, there is a separate tread pattern called R-1 or R-2. So customers in the farming section who are looking for rear wheels, or the drive wheels of tractors, will look for products which have the R-1 or R-2 TRA code.

However, if there is a farmer who is looking for the front wheels of a two-wheel drive tractor, he is going to look for a tractor with the code F-1 or F-2, because the tread pattern of that product category is different.

Now if you move to the earth-moving segment, which is usually what you see in construction and mining, the TRA codes are again different. You have a different category called L-1, L-2, L-3, L-4. Then you have G-1, G-2, G-3, G-4. Each of these numbers are the TRA codes representing a different tire tread pattern intended for specific uses within each of the segments. And you will see there is a size variation also.

So a customer, for example, who is in the agriculture sector looking for a rear wheel with the R-1 or R-2 TRA code, he is not going to buy a tire with a G-1 or G-2 code meant for earth moving sector.

MR. SZUSTAKOWSKI: May I ask, so when you're describing a rear-wheel tractor tire, then that's like a larger one, and that might be for high horsepower equipment? Is that right? Then it has a smaller front tire? Is that right?

MR. RAMANUJAN: Yes.

MR. SZUSTAKOWSKI: So are those two different segments sold on the same piece of equipment?

MR. RAMANUJAN: Yes. The reason why we say that is the front wheel--

MR. SZUSTAKOWSKI: So when a farmer is buying, or somebody is buying tires for that piece of equipment, are they going to different suppliers for the rear wheel and the front wheel, then?

MR. RAMANUJAN: Not necessarily.

MR. SZUSTAKOWSKI: Different manufacturers?

MR. RAMANUJAN: Because if you look at the--

MR. SZUSTAKOWSKI: I understand the segmentation, then, for that piece of equipment. Using that as an example of a microcosm of like the segmentation, you have a tractor, a large tire in the rear, a small tire in the front.

MR. RAMANUJAN: If you look at the OE market, obviously it has been locked together. There is no segmentation in the supply chain in the OE market because it was all locked together from the OE.

But when you go to the replacement market, I think it's going to be extremely complicated to figure out if they will buy it from different dealers, or different aftermarket sales person.

MR. SZUSTAKOWSKI: Right. So the purchaser, the distributor of that, I think I have a better understanding now. Thank you.

MR. MAZZOLA: This is Domenic Mazzola, Alliance Tire. I want to try to clarify this issue on the tractors. The high horsepower tractors are typically machines that are using, in all cases, large tires on the front and on the rear, and they're also in almost all cases radial, because the farmers take them out into the field and they're doing the most important work on the farm, the planting, the tilling, and harvest-related work. So they want the best performance tires on the machine. So it's a radial market. They're four-wheel drive machines, so they have big drive, what we call drive tires, on the front and the rear.

What these gentlemen were talking about were the front tires that were very small, or it might be a different pattern. That gets into the utility tractor, smaller tractor segment, okay, where a two-wheel drive tractor doesn't have a traction tread on the front.

But I think what we're trying to say collectively here, if we look at this high horsepower tractor segment as an example, this is an area that is dominated by Titan with the Goodyear product, Bridgestone, and Michelin. A collective market share of this group sitting here is less than one percent, and that's a segment.

It is extremely brand sensitive with farmers because of the nature of the operation and the history of those brands being successful. So for them to be lumping these large drive tires into this case and saying that they're being hurt by it is just ridiculous. We have no market--all I can tell you is there is not a company at this table that has any--the collective share is zero percent at OE, and less than one percent in the aftermarket.

So for them to be lumping all these things together in the case is just ridiculous.

MR. SZUSTAKOWSKI: I'm sure there will be more questions about market segmentation. Well part of the segmentation argument is that titan is selling to OE. They also do--I mean, correct me if I'm wrong--it's your understanding that they do sell to aftermarket, as well? There's an emphasis on OE.

From their testimony this morning and other testimony, they are unique in that they are a wheel manufacturer and selling the mounted tire on the wheel. Are other U.S. producers also doing that at all? Are they equally concentrated, in your view, in the OE market like Titan? Or are they--because they might not have wheel manufacturing operations in selling a mounted wheel, are they less concentrated and maybe selling more to the aftermarket?

MR. MAZZOLA: Domenic Mazzola again from Alliance.

Titan is the only manufacturer, tire manufacturer in the U.S. that also manufactures the wheel. The other major producers in the U.S., although they are prevalent in the OE segment, they don't manufacture the wheels. And if they sell any wheels as a tire wheel assembly, it requires them to partner with a company that makes wheels and a mounting company in order to provide a tire wheel assembly.

MR. SZUSTAKOWSKI: But they're--so they're selling then probably the larger proportion to aftermarket in Titan? Is that a fair way to categorize it?

MR. NOLAN: Is that like Firestone, or Bridgestone?

MR. SZUSTAKOWSKI: Bridgestone, Firestone, or Michelin--

MR. NOLAN: Okay, I'll defer to others, but Firestone and Bridgestone are very high-end OE market participants. That's where they're predominant. Titan does sell into both markets. There's no question about it. But the focus of their sales has been in the OE market. That's where they have put most of their energy.

And the problem with the OE market is the first place that gets hit when there's a downturn is the OE market. That's when they stop buying new tractors. They stop buying new mining equipment. They stop buying new things. That's the OE market. And what you're left with is the aftermarket, which is the stuff that's already out in the field. You're trying to replace a tire. You're trying to fix a machine that's broken in the field.

That market tends to stay larger and more robust simply because there's already 10,000 tractors in the field, right? So they're going to replace those tires eventually. That doesn't mean the aftermarket isn't effective. But if you put all of your energy into an OE market and that deflates, then you have to find a place to put all this capacity that you had focused on the OE market. Right? So you're trying to shift into a different market segment, and that's a big part of Titan's problem.

MR. SZUSTAKOWSKI: Help me understand what that shift would mean, because if they're making a tire that could be sold that's mounted, can't they just as easily make a tire that would have been sold as mounted then sell that to the aftermarket?

MR. CLARK: This is Jim Clark from Alliance Tire. I wanted to touch on the OE versus the aftermarket, germane to your question.

As my colleagues have said, the OE market is John Deere, Caterpillar, these type of things, and your professional purchasers, and they drive pricing and specifications of the tire and wheel assembly they want.

Titan enjoys a unique competitive advantage in that space because they manufacture both the wheel and the tire, and they effectively lock a lot of competition out.

Now the aftermarket is after that tractor has been sold, it's been used out in the field, and something fails. A tire fails and has to be replaced. If you think about the tremendous competitive advantage that Titan and Goodyear enjoy at that point, as consumers we will often look and say, well, if the tractor, or this product came with that type of tire, the manufacturer must have a lot of confidence in that tire. So I'm going to get that tire again.

For that consumer to consider somebody else's tire, there has to be a lot of elements relative to their decision. And it goes far beyond price. And we talked about quality, and warranty, and aftermarket service. That's another thing I would ask the Commission to seriously take a look at.

But in the definition of OE and aftermarket, because I know it can be confusing, OE is that manufactured, produced product that is sold as an entire, for the sake of discussion, the tractor. It has tires on it. It has wheels on it. That's an OE producer. They're producing a machine and the tire is a component of it.

The aftermarket is after those machines are out and the tire is worn down, or needs to be replaced, or whatever it is, that's the aftermarket. And that's the sector where collectively most of the people at this table play at. And as we've been trying to drill, I think during the discussions, the OE market is where Titan has historically focused their efforts on. And so with the OE market being down, and the Commission can certainly see the reports of Caterpillar and Deere and other companies like that, they've had a significant impact on their sales.

MR. BULGER: Maybe to chime in as well--Bob Bulger again from Camso--certainly Titan has the ability and capability to try and switch their focus to the aftermarket now that the OE market has slowed down. But now they have to come against us, you know, the people at this table who have concentrated their efforts on establishing relationships, providing excellent service, excellent quality of product, and even more is the aftermarket product support that we provide to our dealer network, and they have to bump us out of those positions.

And that is not something they can do overnight. You know, the dealer network out there recognizes Titan, allow them to buy some Titan products, but they also know that at the end of the day Titan was more focused on the OE while we were coming in there on a regular basis doing the training programs, providing them with leads, working with their guys in the field and helping generate sales for their businesses.

So we're not easy just to shove aside.

MR. SZUSTAKOWSKI: Okay. Thank you.

MR. HUBBARD: Gregg Hubbard with Speedways. Another thing that you have to consider in the aftermarket is sometimes we make adjustments to the tires. So as an example, as the tractors get older some of them are not used quite as often.

So when we did an analysis for the largest distributor in the United States, which probably most of these guys sell, some of the tires that we sell into the market today have been adjusted and they weigh as much as 30 percent less than a Titan, or 30 percent less than a Firestone.

So what happens in the aftermarket sometimes is we look at the market and we say, okay, well, they're not going to pay for this particular tread depth anymore, so we shallow the trade depth down because as the tractor gets older in a lot of cases it may get used less.

So you have to take that--that's one reason when they mention weight, weight is very important. If I'm 30 percent lighter, then I have a huge advantage in market.

So when they go into the OEM and they go in with the heavy product and they explain we made it heavy for this particular reason, in the aftermarket it's not exactly the same. And for them to adjust at that point, now they have to have new molds. They have to make new investments, which as you can see from their investments they don't spend 5 or 6 percent on R&D. So they're not making the same investments that these guys at the table are making.

MR. SZUSTAKOWSKI: Thank you. There was some discussion of top tier and price premium. I think Mr. Stewart this morning was referencing the original OTR determination in which the Commission, I think there was a range of 10 to 15 percent for price premium. Is that a similar price premium you see now? Or who are the top tier producers are as it's defined vis-a-vis the--

MR. ROBINSON: As a Tier Two supplier, when we look at Tier One competition, we always try to close the gap because we believe that we build a quality product. But the consumer usually will allow us a 10 to 15 percent deviation in price from a Tier One.

MR. NOLAN: So our position is it still exists today and, you know, anybody that knows that when you go to the tire shop to buy tires for your car you're going to see basically what looks like the same tire but at a different price. And if you say, oh, I love Michelins, you're going to pay more for the Michelins, but you may buy the Michelins.

MR. BULGER: If I could comment--

MR. NOLAN: That's a premium brand. That's the brand talking to you at that point.

MR. BULGER; Right. And it's even more so, the more expensive the tire, the more recognized the brand name is. As you get into some of these very exotic tires on the high Horsepower tractors, or in the larger radial OTR tires and those type things, brand is everything. And people like us, you know, over a period of time we might have a chance to get in that market, but we have to go through the process just like going through the OE process. You have to prove you can perform. You have to prove that your quality is worth having. So branding is extremely important the more valuable, the more expensive the tire is.

MR. CLARK: This is Jim Clark from Alliance Tire. I would like to add to that, too. Our understanding of Titan's market and Goodyear's market, there are occasionally tires that they make that are the exact same tire. They're made at the same factory, with the same products, and the same people. They merely change the name from Goodyear to Titan by using a plate on the side of the tire.

And those tire sold by Titan and sold by their dealers sell at significantly different prices. And that right there should show you the premium difference between the brands. We're talking the exact same tire with just a different name on the side.

MR. SZUSTAKOWSKI: Thank you. Counsel was talking about, you know, Titan is the only one appearing here right now, you know, and you infer--are you saying that the domestic industry isn't supporting this Petition outside of Titan? Or you can address it in the confidential record with the questionnaire responses, but is there a question about industry support? Is that something that Commerce would be addressing?

MR. EMERSON: This is Eric Emerson. Yes. We filed last week papers with the Department of Commerce to ask the Department first of all to suggest to the Department that just on the face of the Petition that the Petitioners had not demonstrated adequate industry support. But at a minimum, that the Department should poll the domestic industry as they did in the 2008 OTR case, and as they did in the pneumatic tires case, in the other tire case, to determine industry support.

Petitioners responded to that late last week. We filed sort of a response to that just yesterday. So the Department, as you know, has not yet initiated a case. They postponed their initiation date by four days, business days, I think. Their schedule date for announcing initiation is next Wednesday, February 3rd.

So we believe that there is a serious question about whether this Petition meets the industry support standards under the statute. But that's the Department's headache, not yours. So but with respect to the Commission, what we believe is that Titan has brought this Petition.

Leave aside the support from the USW for a moment, but thinking about it from a corporate perspective, Titan has brought this Petition forward, and they're talking about the U.S. OTR industry as a whole, and they're talking about what they believe is injury to a U.S. industry as a whole, and that's a point that Mr. Nolan made earlier, is that the Commission's job is to look at injury to the industry as a whole. If there's only--and there are multiple producers in the United States of this product--but if the only party, if the only company that's coming before you, if there's just one company coming before you, I think the Commission really needs to ask itself then are the problems that they are complaining about problems that are general to the industry, common to the industry? Or are those problems that are unique to one company, the Petitioner?

And for a number of the reasons that we've said in our testimony, Mr. Mazzola's testimony talked a lot about titan's quality problems, and its inability--and its reputational impact in the marketplace, and the reputational impact in the marketplace of those quality problems. We believe that that is a problem unique to Titan.

So that really is I think our point. I'll let others speak to it as well. Is the fact that there's only one company that's coming before you right now that's complaining about subject imports that's sitting at that table should lead you to wonder, you know, are these complaints unique to that company? Or are these complaints that are just general to the industry? And we think that the answer to that is fairly clear.

MR. NOLAN: The only thing I would add to that, I concur completely with what Mr. Emerson said, but, you know, also in my mind, I mean regardless of the statutory requirements for support which Steptoe has addressed with the Commerce Department, I think it does impact your analysis. And I think it also impacts your analysis of looking very carefully about Titan's position relative to other U.S. producers, right?

If those other producers aren't here at the table, but everybody recognizes we're in a downturn, that has to affect your analysis as to whether imports are a contributor here or not. Because if the other producers are feeling the same heat and yet their performance is different, and yet they're not participating, that would suggest to you that they don't think imports are a problem, and that should be taken into account in your analysis.

MR. SZUSTAKOWSKI: Thank you. Oh, I'm sorry. Go ahead.

MR. HUBBARD: Brian Hubbard, representing Speedway and India. The technology, the compounding, the processes, the fabrics, these all are variables in the cost of the tires. Nobody's looking into that. We have the most advanced extruder bit in the world that makes certain compounds stick to the fabric better, makes it more impact resistant, makes it lighter weight, makes it longer lasting, which we don't have to make a 100 pound tire. We can make a 50 pound tire. And we've proven in endurance tests, and plunger tests that it outperforms what Titan makes by 50 percent. Okay?

So they're here trying to get increased prices instead of learning technology.

MR. SZUSTAKOWSKI: Thank you. So I understand from the testimony that you're responsible for the majority, or the large majority of imports from Sri Lanka. It would also be helpful, and Mr. O'Brien hopefully can address this in your post-conference brief, about the industry coverage, because we do try to cover, you know, not just who is exporting to the U.S. but the entire, you know, Sri Lanka industry.

I recall from the Petition that there was up to like 80 exporters and producers identified in Sri Lanka. I don't know if you guys have a different sort of perspective on the number of Sri Lanka producers and what their--refer to that 80-some-odd list in the Petition, but shedding some light on industry coverage there would be greatly appreciated in your brief.

And that goes for, you know, all the Indian producers. Do we have anybody that's representing Chinese interests here?

(No response.)

MR. SZUSTAKOWSKI: Nobody imports mounted tires from China, or has Chinese relations? Okay.

MR. O'BRIEN: We'll be happy to do that. And as Mr. Bulger mentioned, we believe that the data in the Petition includes some degree of solid tires as well. So we do not believe that the import--

MR. SZUSTAKOWSKI: Help me understand that, because the tariff schedule shows this for new pneumatic tires. So is this a misclassification when the tires are being entered?

MR. BULGER: That's what we believe, yeah. If you look at the list provided, there are a handful of manufacturers in Sri Lanka, as a facility, for instance in Sri Lanka, as do we. We have a number of factories there. But the remaining competition tends to be solid tire, focused on the material handling industry. And that would include people like Globe Star, Lofts, Trelaborg. So they have facilities there. But again, not in the OTR arena.

MR. SZUSTAKOWSKI: Okay, thank you.

MR. RAMANUJAN: If I may?

MR. SZUSTAKOWSKI: Sure.

MR. RAMANUJAN: Specifically to your question on solid tires, I think, I guess the possibility is in the mounted tire segment, the HT's entries that you look at in terms of calculation, that doesn't classify between pneumatic and nonpneumatic.

MR. SZUSTAKOWSKI: I see.

MR. RAMANUJAN: It's in the unmounted, all the entries that you consider 4011, all the entries that are pneumatic.

MR. SZUSTAKOWSKI: Okay.

MR. RAMANUJAN: And if you go to the mounted segment, parts of tractors or black hose, et cetera, it says wheel and tire assemblies--

MR. SZUSTANKOWSKI: And that's where the solid ones are entering. Understood. Thank you for that clarification.

So you guys gave us a lot of information, so there's a lot of questions. So you want to split the domestic industry between unmounted tires and mounted tires? Is that essentially the argument?

MR. EMERSON: This is Eric Emerson. Yes, the domestic like-product argument suggests that there are two domestic like products here; that there are mounted tires, and there's unmounted tires; and that following from that the Commission's practice would then be to examine two separate industries, a mounted tire industry and an unmounted tire industry.

MR. SZUSTAKOWSKI: What would the mounted tire industry include? Are there independent tire mounters?

MR. EMERSON: We understand that there are.

MR. SZUSTAKOWSKI: And you'll help us identify those and--

MR. EMERSON: We'll be happy to do that in our post-conference.

MR. RAMANUJAN: Excuse me?

MR. SZUSTAKOWSKI: I'm sorry, go ahead.

MR. RAMANUJAN: Sorry. Just adding to the point. As we stated in the oral statement of my colleague, Seetharaman, we believe that if mounted tires is included within the domestic industry, theoretically OEMs who may acquire unmounted tires and wheels separately and captively manufacture or produce mounted tires to be used in the OEMs will also amount to domestic production.

And in principle, because if you go back to your records, in the certain steel wheels from China case on which you separately investigated, it includes both OTR and non-OTR wheels cover the radium rim diameter between 18 to 24.5 inches, you will see from the records that a lot of the domestic producers of rims sell wheels directly to OEMs.

And we also know from the record that a lot of tire manufacturers sell unmounted tires to OEMs. In principle, these OEMs are also mounting them either through tolling arrangements or internally as captive production.

Now to the extent the argument is being made, and we are making the argument, there is a classification between mounted and unmounted tires, in theory all OEMs also produce mounted tires by procuring the parts and captively consuming them in OEMs, and they should also be included in the scope of domestic industry.

MR. SZUSTAKOWSKI: Let's take this to the extreme, then. A farmer replaces a tire. Is that a mounted tire manufacturer?

MR. RAMANUJAN: I'm sorry?

MR. SZUSTAKOWSKI: A farmer that has to replace a tire, if that person then--

MR. RAMANUJAN: He's a purchaser.

MR. SZUSTAKOWSKI: Okay. So an OEM that purchases a tire and mounts it, that's a tire manufacturer by how you characterize it? A farmer that does it for a replacement tire, is that also a manufacturer?

MR. SEETHARAMAN: The farmer is an end user. He mounts it and uses it. But whereas OEM mounts it and then sells it. There's a clear difference. That's not in the marketplace. The farmer is not in the marketplace. Whereas, the integrators of OEMs are in the marketplace.

MR. SZUSTAKOWSKI: Okay.

MR. ARNOLD: This is Bob Arnold. May I chime in here for just a second? First of all, let's talk just a minute about mounted and unmounted tires.

For us, a mounted assembly doesn't exist coming from India. We don't do anything in mounted assemblies imported into the United States. It just doesn't make sense.

First of all, let's just--Titan painted a picture of all these mounted tires coming into the United States. Well first of all, the wheel industry is so confusing--you think the tire business is bad? Let's get into the wheel industry where there's different offsets, and flanges, and bolt patterns, and try to bring in a massive amount of tires that we would try to sell to a dealer network is impossible to do.

The only way you're going to bring in mounted assemblies, you've got very specific industry that you have very specific customer that you know where the product is going, that you know where the wheel fits. And that just doesn't--that just doesn't jibe with our kind of business.

And I'm sure Domenic can tell you a little more about the OE side of the business where you have people that are in the business to mount product. They're mounters. That's all they do is mount tires for the OE participants. They partner them up with someone, and that's how the business is run.

If you're talking about the aftermarket, there's a mounting machine on probably half the corners here in Washington, D.C. Okay? So, yeah, everybody in the tire business mounts tires, but that's not what we're talking about here. We're talking about very specific people who mount tires for very specific industries.

MR. CLARK: For sake of discussion on this mounted/unmounted--this is Jim Clark with Alliance Tire. Just to put it in perspective, because I don't want there to be any confusion.

As consumers when you go and change your tires on your car, and you drive into a Pep Boys or some type of auto tire service center and you hear those machines where they take the tire off your car, and they put in on that machine, and it squeezes the tire off and it puts a tire on, and they inflate it, that is mounting.

That wheel, that rim that is on your car, is the wheel. The tire is the black rubber that goes on the outside of it. When you mount it, you're taking that rubber tire and you're pressing it onto that wheel and then inflating it. So that's actually what mounted and unmounted is.

When we talk about it in our industry, we're talking about the difference between somebody that wants to buy an assembly--in other words, the rubber, the tire has already been mounted onto the wheel, and it may or may not be inflated, but we'll say for most cases 99 percent of the time it's inflated. They buy that wheel and that tire together. So John Deere might say I want the wheel and tire together, so when it arrives I take it and I put it on my tractor and I put the bolts on it, and it holds it on.

Or, they may say I'm going to go buy my own steel wheels, or whatever type of wheels. I'm going to go buy my own tires. And I'm going to ship 'em here to a company here in the United States that specializes just in that service of mounting the tire to the wheel, and inflating it, and it's going to send it back to me all mounted and inflated; or I may have my own internal resources at John Deere that I'm going to say I'm going to buy the tire and the wheel. I'm going to mount it myself. I'm going to inflate it. And then I'm going to put it on my tractor.

`That's the difference between mounted and unmounted.

MR. NOLAN: Don't lose sight of the fact of what we're looking at here. It's the condition of the product as imported that you're examining. The Petitioner has brought this upon all of us, right? We're not just talking about unmounted tires. We're talking about mounted tires and unmounted tires. The product as imported is a mounted tire. It has steel. It has bolts. And it has rubber.

An unmounted tire has rubber, and that's it. It's a different product. And it's going into a different segment. And it should be viewed differently.

And just for the sake of argument, it would make everybody's life a lot easier if it was a separately like-product from an analytical standpoint, now wouldn't it?

MR. CLARK: One last thing, because you brought up the question about a farmer. I can't tell you with absolute that it would never happen, but in less than a fraction of one percent would a farmer source a tire and mount it to a wheel. In other words, he's never going to go out and say, much like you would most likely never do unless you wanted to put some custom wheels on your car, you're not going to say I need new tires, and you're not going to go to a tire company, or look through a catalogue and say, oh, I want the tire on the wheel mounted and inflated and shipped to me. It's not going to happen.

MR. SZUSTAKOWSKI: I think that's exhausted my questions. Thank you.

MR. NOLAN: And exhausted us.

(Laughter.)

MR. NOLAN: We've spent over an hour on this already.

MR. SZUSTAKOWSKI: Thank you for the compliment, but so that ends my questions. Thank you.

MR. ANDERSON: Okay, thank you. And now I'll turn the time over to Mr. Enck now.

MR. ENCK: Okay. Thanks to everyone for coming out and answering our questions.

So the so-called Tier One tires and their prevalence in the OEM segment, is that because of their brand recognition? Or are there other structural elements to that?

MR. CLARK: Jim Clark again from Alliance Tire. This is important in the case. I just want to repeat it from earlier. Specific to Titan and Goodyear, our understanding is they manufacture a number of tires which are manufactured with the same exact components at the same exact factory by the same exact people. All they do is change the nameplate that is then shown on the side of the tire. One will say "Goodyear." One will say "Titan." Those will sell for very different prices.

So in the post-briefs, when Titan submits their information, it's an area I would suggest you look at carefully and ask them specifically for information relative to which tires are materially the same, but just have a different plate on them. Then you'll get a very good understanding of the difference that Premium, that that brand drives.

You're a consumer. I'm sure you have your own experiences relative to what price for premium you'll pay for something that's brand recognized versus something that isn't.

MR. MAZZOLA; This is Domenic Mazzola of Alliance. I just wanted to specifically answer your question about is there anything--is the Tier One--is there a difference other than the brand preference at OE. And I think the answer to that would be, if I again go back to the high horsepower market for example, we make tires for that market. We're capable of making products that are as good as Firestone and Goodyear, and frankly think that we do, but we are not accepted in that market because of we're considered a Tier Two brand, whereas they're considered a Tier One brand.

And in those markets, the tire selection is actually left up to the customer for the most part. So the tractor manufacturer, to your case, will give the customer a list of tires that they get to pick from. And we can't even get on that list because it is so brand sensitive.

MR. ENCK: Mr. Bulger mentioned that Camso provides warranty and aftermarket service, do the other importers and producers provide similar warranties and aftermarket service?

MR. ROBINSON: Brian Robinson from BKT. Yes, we provide very comprehensive warranty that meets the industry standards and matches up with our competition we fully stand behind our product.

MR. ARNOLD: This is Bob Arnold of Alliance Tire. This is one thing and this struck me in listening to the other people that pricing is an important part of the marketplace and we understand that and we know the value of pricing. But from our standpoint there is a lot more than just pricing that goes into us winning business from a customer.

If you look through any dealer survey and you ask a dealer what criteria do you base making your purchases on the first thing they are going to say is availability. If you can't get the product, it doesn't matter. We spent an extensive amount of time and effort in increasing and improving our distribution system. We are an off-shore manufacturer. Someone has mentioned the fact that it takes 90 days for us to get a tire here. Our supply chain is long. It is 90 to 150 days.

We have invested in domestic warehouses and a lot of money into inventory so that we can service a customer in 1 to 3 days. This is something that other people in the industry haven't done as well as us. We have earned the customer's business that way. Quality -- quality, and again it was mentioned there is a quality standard -- we all meet the quality standard.

And I say that they are all good tires but there are tires that are better than others that have higher quality standards and that's what we build -- we build premium products, we build technically driven products, we build applications specific products, all those things that are above and beyond a quality standard. Our performance is we are a performance related company, again dealers look at that when they make a decision. We have invested an extensive amount of time and effort and money into increasing our training and sales programs and our field representatives, and we have done a lot of things to earn our customers business and grow our business other than cutting price.

We have actually and maybe I shouldn't say this but we have actually hired a price manager, we never had one before. And we didn't hire one to lower our prices. We can do that ourselves okay, so we brought someone in to understand the pricing, understand the market so that we can maximize our efforts not just step in and lower prices.

Warranty -- the warranty side of it again certain people in the industry have better reputations on warranty and not the fact that their quality or their product is not there, it's the fact that how they handle the warranty, how they service the customer, we have streamlined our warranty practices, we have gone in and made it much easier for us to deal with as a company when it comes to handling warrantees and those types of things with customers.

And the fact is that again we go out and do our surveys, we talk to customers and we have found that Titan had a weakness in this area and we certainly went after that weakness and showed how we can differentiate ourselves with Titan and one thing was to improve our services and do a much, much better job than them. Again, it had nothing to do with pricing.

MR. NOLAN: Just to follow up on that and this is something that I think it common to a lot of folks around this table. It's a very delicate dance when you are a producer of offering tires and you are selling to dealers because if you start dropping your price quickly, and you have given inventory to your dealer, you just stuck him with high cost inventory and now you are coming back with lower cost inventory or lower priced product that is going to compete with his higher cost inventory. Your dealers and buyers are going to be really not happy with you when you start doing that. So there is a built-in break on lowering prices.

That break does not exist in the OE market because the OE market is dominated by very large producer customers. It's like going and selling to Walmart. You get volume and you make a lot of money on volume but they are going to be very smart about what they are buying from you, they are going to be very discerning and they are going to ask for a better price and they are going to react quicker to the market than anybody else will.

So if anything a raw material cost drop is going to hit the OE market quicker than the aftermarket.

MR. ENCK: Is there any way you can characterize the timing where I'm sure there are all sorts of different situations.

MR. BULGER: Well you know one of the things and probably used to it, unique to our company but technically our supply contracts with OE's have a clause that every 6 months there is an adjustment in pricing due to raw material index so we agreed on a raw material index formula that gets reviewed every 6 months and if it goes up, prices go up. If the raw material index goes down it goes down, so it is systemic, it happens either quarterly or semi-annually, no later than that.

We don't have that same type of agreement when we are talking to tire dealers in the aftermarket.

MR. MAZZOLA: This is Domenic Mazzola of Alliance again. I mentioned in my statement that we have these raw material index pricing agreements with OE's. We have these agreements with almost all of the major companies, John Deere, Case, Bobcat, and they are all based on a 6 month cycle. Every 6 months we adjust the pricing.

MR. ENCK: Thank you.

MR. CLARK: I would add that that's non industry and standard practice.

MR. ENCK: Thank you. Are you aware of any AD, CVD orders from other countries in India and Sri Lanka?

MR. EMERSON: This is Eric Emerson. On the subject merchandise I am not aware of any.

MR. NOLAN: Neither are we.

MR. ENCK: Thank you. One last question Mr. Bulger mentioned that you produce only bias 5 construction tires and export those to the United States. Is there an advantage in construction application to bias 5 tires or would radial tires be preferable there for the price?

MR. BULGER: Well yeah it comes down to I guess price performance and in some cases you are not going to get -- our number 1 line of products is skid steer products and in skid steer you are not going to get the additional life or value benefit out of a radial tire, Michelin has tried -- you would get just a standard bias. Bias is going to be less expensive, you are going to wear off that tire through the way that machines works, it's a skid steer, you wear out rubber.

But even when looking at that just to make a point we manufacture 8 different pneumatic skid steer tires of the same size so even within a subset of a family products are built for specific applications so you have to be careful when you compare what you are comparing directional or non-directional tread, what's the application for, what is your tread depth, all of these things need to be taken into consideration but overall you know, I will be straight up, we would love to have a radial tire line.

We do have access to radial tires, but we bring those in as a private label, we don't manufacture those. They do come from China, they are with the AD and CVD and you know ideally that's where our company needs to go where these folks have already gone.

MR. ENCK: Thank you. I have no further questions.

Mr. Anderson: Thank you, Mr. Henderson?

MR. HENDERSON: Thank you I will be brief. Mr. Szustakowski has ably covered most of the ground I might have covered. First of course normally we would already have a scope by the Department of Commerce and take it as we get it. We don't want whatever arguments people might be making over there, we don't really need to deal with over here, but we are at least curious whether counsel has discussed the issue about industry support that has been raised but have Respondents been challenging the scope definition with respect to mounted tires, whether only the tires covered by the scope or the country of origin with respect to the tire, are those issues being challenged before the Department of Commerce by Respondents?

MR. EMERSON: This is Eric Emerson. Not currently. I am not sure that we even under the statute have the right to challenge anything other than industry support at this point before initiation. After initiation -- assuming that the Department does initiate, we will have approximately 20 days or so to raise questions about scope and country of origin and I am sure that there will be a number of issues that we will raise at that time.

MR. HENDERSON: Thank you. And with respect to domestic-like products we have heard from counsel that we are certainly looking forward to the argument we are going to get in the post-conference briefs. We have heard a number of comments from Mr. Clark and Mr. Arnold about mounted versus unmounted tires. Since the Commission is always interested in what industry witnesses who have come to our conference have to say about these issues I just wanted to check and see whether we have any input from any additional input from industry witnesses on the 6 factors that the Commission looks at for like-products, the difference between mounted tires and unmounted tires, physical characteristics, uses, manufacturing process, interchangeability, customer and producer perceptions, channels of distribution, price, if there is additional witness testimony that can be offered at the conference that would be useful to the Commission.

MR. NOLAN: Part of the problem is they are not well versed in the factors test, this is a lawyer's thing so --

MR. ARNOLD: This is Bob Arnold can I just speak up. And I was -- in preparing for this and we are talking about mounted tires coming into the aftermarket okay -- preparing for this Jim asked me to give him some examples of aftermarket mounted tires coming into the aftermarket. Right off the top of my head I couldn't think of any. I did some research and I couldn't find any. I then stumbled on some irrigation product that comes in on wheel mounted assemblies but from my experience that is not an issue in the aftermarket unless you are dealing with a very specific customer drilling down to a very specific need. I just don't see it being part of our discussion.

MR. HENDERSON: Thank you and I assume that if Respondents are making the argument that there should be 2 separate like products and domestic industries that the

Petitioners will also be addressing what the consequences if the Commission adopts that analysis, what the consequences would be for the Commission's analysis with respect to such domestic industries.

And I will just say that I will invite if they wish, Petitioners to -- they don't have to but if they wish to you know, include such an analysis that might be useful to the Commission but you know I'm not saying they must do that.

Then I will ask Respondents the same question I asked Petitioners this morning that if assuming if the Commission were to find one single like product co-extensive with Commerce's scope whatever that might be, and the question of whether mounting activities might constitute domestic production then I would invite the party, the Respondents also to address that in their post conference brief, the same question I was asking Petitioners.

And finally yet again the same question I asked this morning to invite the parties, Respondents as well to address the negligibility issue and in particular you know with respect to China of course in connection with the Commission's December, 2015 preliminary determination with respect to Philippines and the circular welded carbon quality steel pipe case, that's all I have.

MR. EMERSON: Will do.

MR. ANDERSON: And now I'll turn it over to Miss Gamache for questions.

MS. GAMACHE: Hello and I would like to thank all of you for coming to give your testimony today. I have a few questions. This morning Petitioners had said that the price that they generally quoted their prices for mounted tires as tire plus wheel and I am wondering if for those of you who do sell mounted tires if that is common for you as well?

MR. CLARK: This is Jim Clark from Alliance. We do not sell mounted tires. I don't know if anybody else wants to make that same statement at this table but we do not sell mounted tires.

MR. ROBINSON: Brian Robinson from BKT, we do not sell mounted tires.

MR. HUBBARD: And Speedway we do not sell mounted tires. The problem is that for instance with the bias ply. We can compress a bias ply tire and get more out of container, so if we actually put a steel wheel on there, it cuts down the amount of tires that we can ship. So the only time that we would ever look at mounting a wheel and tire assembly together would be to go after a John Deere or one of the OEM's and that way you get into the market rather than shipping the tire here and having somebody buy a wheel.

Because Titan can obviously balance of the cost of the wheel and the cost of the tire to get the account so if they allow somebody to come into the marketplace and supply the tire wheel then all of a sudden it opens up business and somebody can possibly take Titan's business away so they would rather nobody be able to ship it in on a wheel.

MR. BULGER: Just from a -- Camso's perspective we do sell a small number of mounted tires. We do sell considerably more mounted tires in the solid tire area which is outside of the scope.

MS. GAMACHE: When you are presenting your prices to customers for mounted tires do you present it as tire plus wheel or do you combine them into one price?

MR. BULGER: No typically we sell those as assemblies so it's a combined price, tire wheel assembly.

MS. GAMACHE: So then this will take me back to a raw material question. Over the past several years we have seen a decline in steel prices and I am wondering if that decline in steel prices might be indirectly affecting prices for mounted tires?

MR. BULGER: Well again it certainly would because again we would look at the overall raw material index which includes all components, whether it is rubber, carbon, black, nylon, steel, if it was in the case assembly we look at all of those factors as do the majority of our customers who would by buying these products. So yes it would certainly impact reduction in price.

MS. GAMACHE: And that's all up to that and then post-conference briefs I would be really interested to see those raw material indexes and how they are brought into your pricing.

MR. BULGER: We will be happy to provide them.

MS. GAMACHE: And that applies to everyone here. Mr. Mazzola you had talked about getting on the list for tier 1 and I am just wondering what sort of -- what the process would be for a producer to get on to a tier 1 list?

MR. MAZZOLA: The answer that I can typically give you is that you have to have the demand driven from the equipment dealers and the end users. In other words they would have to ask for your products to be included in their list. You would have to have a -- you would have to develop your brand first in the market so that to the level that the customer would have a high recognition and have a good experience with the brand and you know want to have it requested from the OE, that would be the typical path.

And obviously such a path is a long term process to build a level of brand recognition in the market so that could happen.

MS. GAMACHE: So these lists that you are talking about are always specific they are not like a standard list?

MR. MAZZOLA: No, no, each model the way it would work is you could go on to John Deer's website and pick a particular horsepower tractor and say okay I want to buy that tractor and you get to the part where it will ask you what tire do you want, do you want a Michelin, a Goodyear, a Firestone.

MS. GAMACHE: Thank you.

MR. MAZZOLA: Sure. I think I know the answer to this but do any of you have experience with KITS?

MR. ARNOLD: I do. I don't know what it is, but that is my -- no seriously. We were trying to define that and I was way off base. I thought a KIT was components of a tire, a tube, a flap, in my mind that's a KIT. But other than that I don't think any of us know what a KIT is.

MR. MAZZOLA: This is Mazzola again, until we got the questionnaire, none of us had seen the term KIT and it was not defined in your questionnaire.

MS. GAMACHE: Okay.

MR. BULGER: Bob Bulger from Camso, we do have a relationship with a joint venture partner, Blackstone OTR is the name of the company owned by Fred Taylor, it happens to be Morrie Taylor's brother, strange world. Anyway that is the purpose of OTR to an extent and to some degree Blackstone TR where they procure tires, they procure the wheels, and then they assemble them, they fill them and then they provide just in time service to the production line.

So to that extent yes I am familiar with that part of the business.

MS. GAMACHE: So from what I am hearing is that KITS are they do exist?

MR. BULGER: Yes.

MS. GAMACHE: And it would be mounters who would buy a KIT?

MR. BULGER: Yeah it would be an aggregator who pulls in all the different components from a variety of sources and then sets up -- typically sets up near the OE operations to provide a just in time line-side service of the product.

MR. CLARK: This is Jim Clark. I am going to respectfully disagree with my colleague that the broadest definition we would call that an assembly and we have talked about that many times today where a mounter, a wheel manufacturer takes in a tire and a wheel, puts them together and plates them and sends it off. We would refer to that as an assembly. We have no idea what a KIT is, have never heard it used in our industry, in our company or in the industry context that we have so I just want to make sure there isn't any confusion.

Because if you look at the definition of the KIT I think it is lacking and I frankly don't know what a KIT is so I just want to be careful there, we don't agree.

MS. GAMACHE: To follow up, does Blackstone then buy the wheel and the tire from the same seller?

MR. BULGER: No.

MS. GAMACHE: Okay, okay thank you that adds some clarification and also my questions.

MR. ANDERSON: Okay I will turn the time over to Miss Brinckhaus now.

MS. BRINCKHAUS: Hi, good afternoon. I also want to say thank you to all of you for being here today. We really appreciate the testimony. As a financial analysist I don't have too many questions, I really just came up with one during your testimony. It's more out of curiosity sake. As demand for OE tires decreases due to consumers not buying new equipment, does the aftermarket business ever see an initial bump in demand as consumers are more likely to replace tires on older equipment or do they follow the same demand trends?

MR. MAZZOLA: This is Mazzola. I think the answer is yes there are certain segments where if the end users stop buying new equipment. They are going to invest more in their equipment that they are going to keep and you wouldn't keep sort of a counter cyclical trend in the aftermarket. That would certainly include construction equipment like skids, tiers that people have mentioned here that the tires wear out, backhoes, motors, all of that type of equipment.

MR. O'BRIEN: I think it's also just to keep -- important to keep in mind that the different segments we have been discussing respond very differently to supply and demand. Agriculture tied more to agricultural products, commodity products, construction more tied to housing, the mining industry more tied to metal prices. So those different supply and demand forces are very important and the client, you know the production might be another factor.

MR. EMERSON: If I could just add on to that. I completely agree with what Kevin said, but if you go back to Mr. Mazzola's testimony. I know that there has been a lot of information already today but if you go back to his testimony, one of the points that we made in there was really within the AG sector, looking at the possibility of almost within the AG sector a little bit of dual kind of counter-cyclical demand.

Certainly Titan has seen sales of large high-horsepower OE, large tractors going down, and in part because of grain prices going down, corn, wheat and so forth, but you know part of Alliance's market shares are showing some of these utility tractors. And the utility tractors are used in farms like dairy farms and cattle farms.

Dairy and cattle use grain as an input and so you know there has been at least a little bit of uptick in demand there. So that's part of what makes this market very difficult I think to analyze and certainly I think very inaccurate to analyze from the way the Commission normally does which is kind of at a macro level. You look at overall import trends, overall market shares, because I think that that's really not going to give the Commission a really good sense of what's actually going on in the marketplace. It has to be a bit more detailed.

MR. RAMANUJAN: I just wanted to add to that. A lot of the data in light of all of the Petitioners actually support it. For example you can look at the import volume of unmounted tires, you don't have any conclusion of the data, but you have a number of tires, the weight and the value.

Incidentally when it comes to construction or industrial use, end digit HTS classified as industrial buyers based on science, less than 61 centimeters approximately 124 centimeters in size.
If you see the trend in the smaller tire section it is less than 61 centimeters. It will increase, which matches a lot of the statements being made by a lot of companies that report this. That in this small segment what the construction industry there is an uptick, but if you look at

the same trends in those HTS entries, dealing with tires greater than 61 you will see a decline which again goes and supports the theory that is coming out from all of the analytical reports that the U.S. producers.

In the largest scale of things, but the larger equipment there is a decline in the market so you can already see that from the import volume data. If you analyze your assessment you will clearly see that.

MS. BRINCKHAUS: Okay, thank you very much, that concludes my questions.

MR. ANDERSON: Thank you and Mr. Cantrell, your turn.

MR. CANTRELL: Thank you, Ray Cantrell by the way with the Office of Industries here, the industry analyst, so-called on this case. I am going to try to make this as short and sweet as possible. I just have a couple of items. One is on tire specifications -- I mean I know as you all know on the road tires are controlled by Department of Transportation and so everything is spelled out on the side wall of the tires, all of the specifications, federal register notices and so forth you know, the real size load bearing characteristics, materials and construction, a whole gamut of information can be found on the side wall of the tire.

However, off the road tires that we are talking about you know there seems to be a fragmentation perhaps of the way the various tire producers report what they include on the side wall and the specifications.

I know as you all know the Tire and Wheel Association here in the United States you know they are probably they publish in their year book the most comprehensive information that I can think of on specifications for all of the types of tires that we are talking about here today.

And they have associate members I know in India, Sri Lanka and I believe China so my question is, is since we only have representatives from India and Sri Lanka here today, how do you classify your various off the road tires, are specifications there, I mean do you use Tire and Wheel Association or do you have trade associations that within your individual countries that control what type of specifications are listed on your tires?

MR. CANTRELL: That manifest and so forth? That's my hope -- is that clear? Or halfway clear?

MR. MAZZOLA: This is Domenic Mazzola of Alliance. First of all Alliance Tire Americas is a member of the Tire and Rim Association, but our tires manufactured in India and Israel are meeting the specifications of the Tire and Rim Association and also the ITO. But I do want to say that those specs are only very broadly providing specifications for the tires.

For a particular size it is going to tell you the range of dimensions that the tires should fall in and this is going to say for a particular buy rating how much load the tire should carry at a specific air pressure and beyond that it is really up to the manufacturer to decide for example on the inside of the tire what type of ply and material, how much it needs to use, how much of a safety factor the tire needs to have in order to perform that service and that will be different from manufacturer to manufacturer.

MR. CANTRELL: So there wouldn't be any trade organizations that would have standardizations for their membership on these types of tires?

MR. MAZZOLA: Within most countries if they did they would be -- if there are they are similar or following the ETR2 owned TRA.

MR. CANTRELL: Could I ask you know post-conference here, the gentlemen here from India, might have some comments. Okay, it would be helpful to me if I had some diagrams of you know, just selected diagrams of what you might include on the side walls of your tires. I mean would that be possible and also if you have --

MR. MAZZOLA: We can certainly give you some examples of the side wall drawings but that is not standardized for off the road tires by the TRA except to a very minimal extent. As you mentioned on the road tires it is very prescriptive of what has to be on the side wall. For an off the road tire it is not and one of the things that makes that difficult is that a particular tire can be used in so many different applications. A skids tier tire can be used on a skids tier but it can be on the front of a backhoe and it can be on an area work platform and all of those have different air pressure requirements and load requirements, you need to list them all on the side wall so that the industry is not that prescriptive.

MR. CANTRELL: Anyway if the parties here could forward something post-conference that would show you know some basic descriptions of their tires, a diagram or portions of their sales manuals that show the various types of tires you produce, would that be possible?

MR. MAZZOLA: We can certainly provide, our catalogues have a lot of basic information.

MR. CANTRELL: Yeah, something of that nature, that would be helpful. And for Camso it was mentioned that you could only produce bias tires and I was wondering you know why that was that you couldn't produce radials also?

MR. BULGER: Right now, quite honestly we just don't have the technology, we don't have radial technology in house. We don't have the engineers or the equipment to manufacture radial tires so we are strictly a bias tire manufacturer.

MR. CANTRELL: Well I mean is yours a one step process then?

MR. BULGER: No, no, manufacturing a tire?

MR. CANTRELL: Yeah no, well I mean I'm talking about for tire building process after you have all of your components prepared?

MR. BULGER: Yeah.

MR. CANTRELL: Do you do it on one drum or do you use more drums?

MR. BULGER: We do it on one drum and then we use a bag-o-matic press in some cases and other cases we use a rather unique technology to cure our tires which I will share in the post meeting notes.

MR. CANTRELL: Okay thank you. And I only have one last question about the aftermarket tires. Are they -- if you looked at the whole ball of wax, what is the most prevalent, the bias or the radial for a replacement type off the road tires?

MR. BULGER: It would depend on the application, so it would depend on the specific application. When you get into some of the larger tires for instance, the loader tires, certainly it's moving heavily towards the radial end of it, if you look at some of the smaller tires such as skid steer, and again skid steer is almost 100% bias.

MR. CANTRELL: Does anyone else have any comments on that?

MR. RAMANUJAN: I would just second that from what my client tells me, discussion, it does appear that in the smaller tire segment there is an increased amount for bias tires because it is more cost effective, but the larger tires you go far, that is increasing the radialization in the market that used to be.

MR. CANTRELL: Okay thank you.

MR. ANDERSON: Thank you Mr. Cantrell. Now Mr. Duncan?

MR. DUNCAN: Thank you. I would like to request -- there's been a lot of discussion on sort of the market segmentation. I would like to request that any of the panel who are submitting briefs or post-conference submissions break out their U.S. shipment data by the sectors that they view are in the market and also list who are competitors in those particular markets.

And that should by and large cover this agricultural, industrial construction and mining and the degree that you wish to. You can go and further refine that and talk about the sub-sectors.

MR. HUBBARD: I have a comment for Mr. Cantrell asked a question about replacement market on radials and bias ply, this has to do with the agriculture on the rears, and this is NTDRA which you could go and get their information, it's a 2014 bias ply rears, 470,000 units in the marketplace and the radial replacement was 312,000.

MR. CANTRELL: Thank you.

MR. HUBBARD: You're welcome.

MR. DUNCAN: Okay so everyone will submit that information on the segmentation.

MR. EMERSON: This is Eric Emerson and we will confer and do our very best to do that for you.

MR. DUNCAN: Thank you that's fine. Also on the line of market segmentation we had testimony in the morning panel that there are not S skews that are specific to end users that multiple end users will purchase the same S skew, now is it the case that between these segments these end users do not overlap such that certain S skews are only applicable to the certain segments of the discussion?

MR. NOLAN: We will let the importers, I'm going to try to clarify this a little bit. So you are saying that I mean in my mind what you are saying would somebody in the mining sector buy an agricultural tire?

MR. DUNCAN: Yeah is there any tire that --

MR. NOLAN: Never.

MR. DUNCAN: Both agriculture and mining or construction and agriculture.

MR. NOLAN: I'll let the witnesses discuss this but my answer is it would never happen number one and this goes back to like product to me. You know, I understand we are starting with the like product definition because of the past case but I frankly do not understand why a thing like a mining tire could be considered in the same vein as like product with an agricultural tire. They are fundamentally physically different things but let the witnesses talk.

MR. BULGER: I guess I would agree. I mean they really are different animals completely. You may have the odd item I think someone mentioned a skid steer tire for instance, may be a front tire on a particular tractor but that is kind of the anomaly. In general these things are specifically for certain applications within that market segment and they do not sell in the other segments.

MR. DUNCAN: Is that other people's experience?

MR. MAZZOLA: This is Domenic Mazzola, on the skid steer tire that I said would be on the front of a tractor I was talking about an industrial construction, a backhoe basically so it is the same market that a skid steer would operate in but generally we would agree there is not a lot of overlap between construction and agriculture and mining tires.

You might see the rare skid steer tire that some equipment manufacturers are using on a towed implement for example, but it is a very small amount of overlap.

MR. RAMANUJAN: On what my client tells me there could be I think the second most of the opinion is that there could be rare instances where there is a little bit of overlap. For example if you are looking at the equipment you may have some in the construction site, some in the mining site also, so there the tires may be common but if you take an industrial like agriculture and construction in general you will not see the same kind of end users looking for the same tires.

MR. DUNCAN: Anyone else?

MR. HUBBARD: We also agree, they are different -- I mean some different compounding, some may have steel, but it is different.

MR. DUNCAN: Thank you for that. Mr. Nolan you had discussed foreign cost centers have tightened, I want to ask you what does the relevancy of the foreign profit centers for International Corporation have to do with the data we must analyze in relation to domestic injury in this proceeding?

MR. NOLAN: I would just recommend that the Commission carefully look at the financial data that is presented to make sure that stuff is removed or properly considered in the context of the financial information presented as to profitability of the entity because it has nothing to do with the production.

I fear that that there are things like things will creep into SGNA expenses that should not be there.

MR. DUNCAN: If you have any insight into that be sure to detail that out in your post-conference submission please.

And Mr. Bulger you had indicated that you targeted aftermarket support as a way to shine and get some industry penetration in the aftermarket and we had some discussion already about you know who provides that sort of support. I'm just not clear what is that support?

MR. BULGER: Some of that I will certainly put in the brief and some of that I do not want to share with the group but in essence it is training, it's education, it's market analysis, that we provide on an individual basis to our dealers.

MR. DUNCAN: Thank you. Mr. Mazzola you had testimony in your statement you were talking about the tiers, tier 1, tier 2 saying that tier 2 focuses primarily on the aftermarket. You said that Titan was a tier 2 and then you also said that Titan seems to focus on the OEM market and I think some of that came out in further testimony down the line where you are saying Titan has the Goodyear brand and that's why they are focusing on that with the brand behind it. So is that the source of that inconsistency in testimony?

MR. MAZZOLA: They -- on the higher horsepower tractor I am fairly certain that their focus is with the Goodyear brand. On the utility tractor segment they sell a lot of Titan branded equipment. On the lower horsepower equipment there is less brand sensitivity and that's why the tier 2 brand, Titan brand is more successful there and that is also why they have more competition from tier 2 brands in that segment of equipment.

MR. DUNCAN: But that would still be OEM at the tier 2 level?

MR. MAZZOLA: Yes.

MR. HUBBARD: Also from NTDRA if you will look at the North American OEM radial rears is what we are talking about, in 2014 there is 315,000 the predominant player from brand was Firestone, Goodyear was number 2, Michelin was number 3 and Titan was small, part of that. So Titan uses a Goodyear brand as the OEM brand primarily but you can get the data from NTDRA or at least get a break down on that.

MR. DUNCAN: Thank you. If you, if anyone has that if it is publically available if you could slap that into a submission after the conference it would be useful. There was some testimony I forget, probably multiple witnesses who said which at one point there was testimony that the factor -- I think this was in relation to India may be relevant for Sri Lanka too for geographic reasons that the producers there are unable to be as responsible to the U.S. market because of the time which it takes to ship the tire into the U.S. market.

And yet there was other testimony by the same importers that said that they maintain high levels of inventory in the U.S. market so that they can be able to respond to demand changes so I just wanted to see why there is this sort of tension. What are we supposed to analyze, are you supplying from inventory unable to meet demand quickly or is it you have to produce the order and so you have to actually consider the shipment from the foreign supplier?

MR. BULGER: I think you are going to find that it varies, Bob Bulger from Camso. Camso has historically managed warehousing in the United States. We were in Chicago, Charlotte, Houston and L.A., we have approximately 250,000 square feet of warehousing so we do ship direct containers to some customers but the majority of our sales are through our D.C. network in which case we can reach most customers in the United States within 48 hours, again part of the value add that we offer our customers.

MR. ROBINSON: Brian Robinson, BKT, with the exception of one warehouse that is basically designed to store and distribute a very highly specialized portion of our business, all of our product is imported and it goes to our distribution network of our customers.

MR. DUNCAN: Other than supplied from the distribution network, okay.

MR. CLARK: And then this is Jim Clark from Alliance. We are right in the middle of that, so we have some warehouses that we can supply small quantities for some demand and then we have customers that are on the long tail of our supply chain that order directly from India and they are subject to that you know, 60 or 90 days to wait for the shipment so we are right in the middle of those two.

MR. DUNCAN: Does anyone else want to --

MR. SINGH: They do most of the stuff from India. Because we are small and we ship from India, thank you.

MR. DUNCAN: Thank you for your responses to that. My final question, there is some discussion about Sri Lanka being a CVD only. It's not requesting an answer at this proceeding but we are going to have to grapple with I think desperate timing of investigation notices from the Department of Commerce when they come out with margins and that Sri Lanka will not be able to be aligned with the final phase, the dumping margin calculation determinations because there are none, and what will the impact that will be on our final phase investigation should we continue after the preliminary?

MR. EMERSON: Eric Emerson from Steptoe. First of all an excellent reason for a negative preliminary determination but more to the point we do need to look carefully at the scheduling issues associated with that so it's definitely on our radar.

MR. DUNCAN: Yeah, that would cause an 8 or 9 month lag between the determinations on certain countries versus others.

MR. EMERSON: Correct.

MR. O'BRIEN: We will look at it as well, thank you.

MR. DUNCAN: That is all my questions, thank you.

MR. ANDERSON: Thank you Mr. Duncan. I just have two or three quick follow-up questions and I appreciate the panel's patience. Just quickly I want to get it on the record, all the importers here do any of you import or do your distributor channels sell into your imported subject product into the OE market?

MR. MAZZOLA: Yeah, Alliance Tire Americas is a supplier to regional equipment.

MR. ANDERSON: I'm sorry say that again?

MR. MAZZOLA: Alliance Tire is a supplier to regional equipment.

MR. ANDERSON: Okay.

MR. RAMANUJAN: Sridharan is not.

MR. ROBINSON: BKT we have a very small presence primarily in OE2.

MR. BULGER: And Camso does sell into the OE market.

MR. ANDERSON: Okay thank you.

MR. SINGH: Speedway does not sell into the OE market.

MR. ANDERSON: Okay thank you. Second question is and maybe you alluded to this about the market segmentation but we heard information about quality issues and quality problems with Titan's product but then we have also heard testimony, direct testimony, that they are selling premium product with premium prices so how do we reconcile those comments?

MR. CLARK: This is Jim Clark with Alliance Tire. I think the difference is brand versus performance. So you are saying how are they selling a premium brand into a premium? It's a brand. They are getting it based on consumers, consumers can sometimes swallow a bad you know, a poorly performing brand for a long time before they recognize that. Some will make a switch sooner.

I think our comments and I don't remember exactly who said them specifically but I think our comments were driven by customer comments and observations that we had with our customers where there were a number of warrantied tires that the process was going slow and the products were waiting there and it was a bad reflection on Titan, the way they were taking care of their customers.

I don't know if we were making a specific statement about their performance or any of those types of things, we don't have enough data to say that we are just passing on comments from our customers and observations in terms of buildup of tires that were out for claims and stuff like that.

MR. ANDERSON: That's very helpful. So to clarify what you are saying, the feedback you are hearing is that it is under the contract for a replacement as opposed to first level transaction OE or aftermarket first levels of sales?

MR. CLARK: That would be directionally correct yes.

MR. ANDERSON: Okay thanks for the clarification. And then a final question is there any -- we talked a lot about aftermarket and OE, is there any reason why or any technical barriers why an aftermarket transaction couldn't be the exact same tire that was used in an OE transaction?

In other words an earth-moving equipment, a tractor or any other of these products in these three segments, is there any reason why the OE product could not be the same when it is being replaced? You talked about cars, people that start out with a brand new car and has a branded product on it -- there's no reason why they can't put a brand of product back on and that's through the aftermarket channels so wouldn't the same thing apply here for OTR tires?

MR. CLARK: Absolutely it often will. A purchaser will buy something from an OE and see a particular brand, size, everything and as to that exact same tire. I think the statement that was made was with that barrier, with that connection and that strength to the manufacturer and coming from an OE, there has to be a lot of forces at work for a consumer for that end user to want to change.

In other words I have got brand A tire on my brand new tractor that I bought, I damaged the tire and now I need to get another one, the natural tendency would be to say I want to get the same one that was on there. So there would have to be a lot of factors in play that would cause a buyer to say you know I don't want to get the same one, I am going to get a different one and I think that the comment was there has to be, there would have to be a lot of factors and I think we touched on some of them.

I think it's beyond price. Somebody just doesn't go and say I want to buy it because it's a cheaper price, I think it's a combination, they look at price, they look at warranty, they look at the aftermarket service, they have to look at did the manufacturer, did a representation of the manufacturer come and explain to me the benefits of this tire versus the one that I had on there before.

So all of those things have an impact on that end user's decision to replace that tire that came from the OE with a different manufacturer's tire but it is very common that the tire that was supplied at the OE will be replaced at the end user level and I think the point was can you imagine the amount of strength the other manufacturers would have to have in order to replace that OE supplied tire.

There would have to be a lot of things at play for that to happen.

MR. ANDERSON: Just maybe you want to agree with Mr. Clark but one caveat would be as that equipment ages and someone made the comment earlier, the utilization goes down, they are not going to buy the most expensive tire if they are using this 30% of the time in which case they will go typically to their tire dealer and they will find the alternative brand that suits their new need, their new utilization in which case it may not be that OE tire and likely it will not be that OE tire. Did you have a follow up question, okay well I will turn it over to Mr. Henderson then.

MR. HENDERSON: Another request or more of an invitation to counsel we have had raised both negligibility issue as to one country and we have raised, we have had an argument as to whether India and Sri Lanka should be cumulated or not and no prejudging any of these issues obviously, but often times we get briefs from one side that assume that all countries should be cumulated and briefs from other side that assumes that nobody should be cumulated and parties can choose to do what they wish I will just invite parties to consider -- you don't have to address all possible permeatations and combinations but it might be useful to the Commission to consider at least the analysis under the different situations as to cumulation, thank you.

MR. NOLAN: Yes, we will do that.

MR. ANDERSON: Thank you. I am just going to poll my colleagues one last time and see if there are any follow-up questions, okay. I want to thank you all very much a very diverse panel and thank you for all of your excellent information it was very helpful and thank you.

With that we will now move to the final rebuttal or closing arguments, 10 minutes for each panel. So thank you very much.

MR. ANDERSON: Ms. Drake, when you are ready to proceed go ahead.

CLOSING REMARKS OF ELIZABETH J. DRAKE

MS. DRAKE: Thank you Mr. Anderson and thank you to the Commission staff for holding this hearing today we really appreciate all of your hard work on this case. I'm Elizabeth Drake from Stewart and Stewart on behalf of Petitioners.

First to address some unnecessary concern that was raised regarding alignment I just want to assure everyone that the statute and the regulations permit alignment as long as there is a companion anti-dumping case on the same subject merchandise from any country, it doesn't have to be the same country. We confirmed this, we found precedent for this in some steel cases where alignment was done for a CVD case that didn't have a companion AD case on the same country but did on another country with respect to the same subject merchandise.

We consulted Commerce on that issue and so we are confident that all of the cases will proceed on the same schedule and as much as we enjoy visiting the Commission we will only be back once again.

Moving on to the substantive issues -- first the issue of segments, there's a lot of confusion trying to be introduced this afternoon about segments and sub-segments and sub sub-segments and sizes and radial versus bias and all of the different ways that the market can be sliced and diced between different types of tires.

Clearly when you have a market where you have got 1400 - 1500 skews you could have a different industry for each skew, for each application but that is now how the Commission proceeds in these matters. This is a classic case where you have a continuum of product. Even Respondents used the word spectrum, that's what we have here.

All of these tires are used on off road equipment. All of these tires are made in the same facilities even though foreign producers produce a full range of tires, not just domestic producers. All of these tires are made by the same workers, they are all sold through the same channels, both the OEM channel and the aftermarket and they are sold to the same customers.

You can have one customer that makes various types of equipment and buys various types of OTR tires so in the first set of cases the Commission looked at this issue of segments, but didn't find that it necessitated the definition of different domestic-like products or that it necessitated a different analysis in terms of injury or impacts on the industry or attenuated competition in any regard.

Respondents have not raised a single factual difference from that prior case that would necessitate a different approach here so we think that the issue of segments is not helpful and it is not the way that the Commission should look at the industry for OTR tires.

Moving on to domestic like product -- the idea of splitting the domestic like product between mounted tires and unmounted tires is premised entirely on a complete misunderstanding of what we mean when we say mounted tires. We just mean a tire, the tire itself when it is sold mounted. We do not mean the mounted assembly.

The scope is limited to the tire itself whether sold mounted or unmounted. To include the wheel assembly in the domestic like product would require the Commission to decide the expand the domestic like product beyond the scope. There has been no legal basis cited for doing that, no factual basis cited for doing that, no prior case I can think of where the Commission took a further manufactured farther downstream product from the scope and included it in the domestic like product and there would be no reason to do so.

In fact Respondent's own arguments about the differences between assemblies and tires shows that the domestic like product should not be expanded to include assemblies. It should only include tires regardless of how they are sold and as our witnesses testified this morning those tiers whether they are sold mounted or unmounted have the exact same physical characteristics, are made by the exact same workers excuse me, have the exact same uses and the same price so there is no reason to segment the domestic-like product in the use.

With regard to negligibility that wasn't addressed much this afternoon. I will just say we will provide more information post-hearing but clearly we believe that the standard in the preliminary determination also needs to be clear and convincing evidence that they are negligible and no chance of additional evidence in the final should be applied here and China should not be found to be negligible.

With cumulation it's apparent to be based just on its argument solely on the fact that Sri Lanka focuses more on industrial and India more on agricultural, of course, only a reasonable overlap of competition is required. We think that standard is easily met here with respect to all three countries and that subject imports should be cumulated.

With regard to volume, imports were up 9% in a declining market and they are significant on both an absolute and a relative basis. Respondents try to say well maybe demand was up in some segments and down in some segments but no way that you can do the math would show that a 9% increase in imports over the period was driven by demand in one or the other of those segments and it simply can't add up. Overall demand will show that it is flat to declining and that that increase in imports is significant relative to that demand.

I can assure counsel for Camso that we have not included solid tires in our import numbers except for if there are any unmounted tires but of course that is a very tiny amount of what's coming in from Sri Lanka so the volume is significant across the market and as we heard there are OE tires coming in from foreign producers, not just aftermarket tires so the volume is significant in both.

Moving to price we heard that if there is a brand premium it is small, 10 to 15% the same as on the original investigation. We heard that foreign producers are very proud of their high-end tires, that they meet all quality standards and are very proud of all of the services that they provide, their warranties, their ability to keep product in inventory for quick delivery.

So on all of those competitive factors they are competing directly with domestic producers. There is no attenuation of competition and competition continues to be based primarily on price. With regard to tiers, there seems to be a bit of confusion of who belongs in which tiers we are pretty familiar with and it's clear that tier doesn't necessarily correspond with quality but it is simply a marketing tool in the market.

So when you are in a market that is heavily influenced by pricing considerations I think you will see that the subject imports have had a significant adverse price effect with major underselling throughout the period at significant margins and price depression as well.

In terms of the coverage of the pricing products raised by Respondents, clearly when you have 1400 skews I doubt the Commission staff could collect that much pricing data. We tried to pick representative products and we are hopeful that that data will be useful to the Commission and we will also be addressing the relationship between the decline in prices and the decline in raw material costs as they mentioned many of their contracts have a pricing mechanism where there is an adjustment for raw material prices every six months and so you would expect that market with the raw material prices declining there would be a lag and that being passed on to customers and some customers would not see the full benefit of raw material price declines and would stay slightly higher than the rate of decline of raw material prices.

This ever seeing a significant rate of decline in prices which we believe is evidence of price depression.

Finally moving on to impact there was no actual factual information to contradict what we said this morning about the loss to shipments, sales, production, market share, capacity utilization, employment, hours, wages, sales revenue, average unit values and operating income by the domestic industry, all classic indicators of injury and we believe experience not just by Titan but by the industry as the whole.

Respondents attempted to blame Titan for some of these problems. First they said that Titan made the mistake of focusing on the OE market and that was their own problem. Obviously Titan is also present in the aftermarket and as they said competes with all of them in the aftermarket so that would be the reason for its lows and of course if we look at the domestic industry as a whole, as the Commission should, you will see down turns we believe across the board.

They also seem to suggest that Titan was suffering injury because its low side wall technology was not catching on in the market. That is a new technology that Titan has started with but it certainly cannot explain the broad declines that we have seen in costs in all of its business and will submit more information post-hearing on the significance of the low side wall tires in terms of Titan's operations over the period.

And finally of course anything related to Russia or other countries is irrelevant and is not reflected in our data on our domestic operations.

Finally there was a suggestion that because there are no other producers here today that somehow our Petition is without merit. People seem to ignore that there are representatives of the United Steelworkers were here today, they represented nearly 60% of domestic capacity, workers have an equal voice with management in trying to seek relief from dumped and subsidized imports and of course the Commission can look at the questionnaire responses to engage the level of industry support to the extent it believes that is relevant to its analysis and we have complete confidence that Commerce will not find the need to poll and will find that we meet the industry support requirements of the statute.

Finally there was a suggestion that Petitioners have created a mess for everyone here, for Respondents, for the Commission by trying to get at this issue of mounted tires and I would just like to say that our intention, nothing could be farther from the truth. What we are trying to do is to resolve the mess, to fix a problem for our clients and for the domestic industry who are being injured by imports of unmounted tires which they addressed years ago and now imports of mounted tires and both unmounted and mounted from two additional countries so the problem we originally sought to address now has resurfaced on a grander scale and it is our right to use the trade laws to try to address a problem.

And we all wish the data were cleaner and easier, believe me putting together those estimates for the Petition was not a fun exercise but we are very grateful for all of the work that the staff is doing to build a record in this case and we believe that that record will strongly support an affirmative preliminary determination, thank you.

MR. ANDERSON: Thank you Miss Drake. And now we will proceed to the closing arguments by the Respondents.

CLOSING REMARKS OF KEVIN O'BRIEN

MR. O'BRIEN: Thank you this is Kevin O'Brien. I will have some comments and then hand it over to Mr. Nolan. I will speak just about Sri Lanka. This is the first subsidy case against Sri Lanka since the entry of their WTO agreements and there were good and valid reasons why no cases have been brought in over three decades. The counsel for Titan and the domestic industry talk about a spectrum of products but the facts simply don't support it. In dealing with or addressing Sri Lanka the testimony and the undisputed facts are that we have one production line for bias tires for the compact construction market.

When asked why don't you switch to radial products or why don't you include them the testimony is that we have neither the engineers, the technology or the equipment. Now I don't know how you view that as a spectrum. This is a difference in kind. We make one product or one set of products for one market sub-segment and that has to be -- should be taken into account we believe in deciding whether or not there should be cumulation in this case.

We do not -- there is no reasonable overlap with the other exporters nor with Titan given that we see these companies in a sliver of the market. A vast expanse of the market is an area that we simply do not participate in. With respect to pricing I believe the evidence is quite clear that of the dozen products or product families that the Commission sought information on we have meaningful information in only one.

And even that information is a basket of products. We encourage the Commission to get the information directly on customer to customer competition. We will provide what we have and hopefully the domestic industry will do the same. We believe that when you see that you will see it is an absolute mixed bag of pricing that sometimes Titan is above, sometimes Titan is below but there is -- we believe, no reasonable way to conclude that we have adversely impacted the domestic industry with respect to products from Sri Lanka.

And with respect so in summary we believe that Sri Lanka should not be cumulated with India or China and there is no reasonable indication of either injury or threat, thank you.

CLOSING REMARKS OF MATTHEW NOLAN

MR. NOLAN: Okay this is Matt Nolan again with Arent Fox on behalf of the Indian producers and BKT. Wow, I don't know about you guys I am exhausted right now. This has been a long day and a lot of information has synthesized. We started today with something really simple, tires. It's just tires. It's all just tires.

But it looks like it's really not as simple as it is just tires, there is a lot more going on here. And I appreciate the fact that the Petitioners have perfect right to define scope however they want, that is their right and that is what they have done here. I could easily argue that this should be two separate cases right now. One for unmounted tires and one for mounted tires because the condition of the product is imported in the mounting issue is a mounted tire with wheel, with tire, with the lugs, that's different from just a piece of rubber tire, I don't know how you cannot see that that -- there are significant differences between those products.

There has to be price differences, there has to be physical characteristic differences, there are clearly some marketing issues, or differences associated with them. Obviously we will address those in more detail in the post-conference brief but it is something worth thinking about carefully.

I don't think there is a misunderstanding on our part about it. We got into the discussion about KITS and assemblies because everyone is trying to understand this issue of the tire that is mounted versus unmounted and how this should relate together. And to me it is literally like saying we should de-construct a wheel. We are bringing in a tire and a wheel in and then you take the tire off and lets just count the tire and put the wheel over here out of the way and you guys are supposed to examine it that way, but that's just not how it was brought in and that's not how anybody should be thinking about it.

There's two products going on here so we urge the Commission to think about that carefully.

Industry support -- clearly there is a statutory process that is going on over at Commerce and we will be arguing that process vigorously over the concept of support. My only thought here and one we will continue to urge the Commission to consider is if a large percentage of an industry is not present, that is an indication that a large percentage of the industry does not feel there is an injury here. That has to be a factor to consider. It can't be ignored if a large percentage of an industry simply doesn't show up. Maybe I will eat my words, may be they will hoist you up and say we are for it, in which case this is a non-issue.

But if they don't or if they are neutral then I would suggest to you that there are other factors, other than imports at work here in whatever state of plague exists in this industry and that has to be considered as part of your analysis.

Branding -- we have noted and discussed the concept of premium. You have heard from the witnesses from our side that in fact there is a branding premium involved here and it should be considered as part of your pricing analysis. The fact that Titan can take a Goodyear brand and put the exact same tire in and just put a different name on it and get a different price would suggest to you quite clearly that there is a premium for that tier 1 branding process that should affect your pricing analysis as opposed when looking at tires coming from Sri Lanka and/or India.

Complexity -- I wish this wasn't as complex as it was. The Petitioners clearly want you to think it is all tires but the reality is and from the past case you all know that there are segments here, there are industry segments. There is an OE segment, an aftermarket segment, an agriculture segment, a segment for construction and it goes on and on and you know if you want to discuss this as a continuum how far do we take the continuum before it has to stop?

I have seen front end loaders running around Washington D.C. for the past four days removing snow. They are on the road but they are using off the road tires but they are running in both and can a truck, a dump truck that is an on the road truck take these tires and go off road? Yes, we are not defining the scope that way but from a product standpoint if you want to take the continuum far enough all of these tires could theoretically go in either application.

So the question is where do you all make the dividing line and what we are suggesting to you that the dividing line that you created, as much as I disagree with it in the 2008 case with China has to be the stopping point and anything beyond that should be viewed as a separate like product.

We look at the concept of the impact of the business cycle and you know the business cycle is the number one, the factor involved in this. It is hard to escape the fact that commodity prices are in the doldrums. It is easy to see just look at Caterpillar just announced its results yesterday, it is down another 9%. They can't sell equipment, that's a combination of the commodity market being in the toilet and the fact that foreign exchange rates are very high and it is hard to sell U.S. equipment overseas when our exchange rates are so high relative to other countries.

The agricultural business has been in a problem because of the draught and continuing loss of income from the farm part, there was an issue also which has kind of rectified itself now as of December 18th with the new budget deal. There was a period of time that the Section 179 deduction that was available to farmers was not there, that deduction allowed farmers a $500,000 instant write off for tractors or other equipment that it bought during the year that was knocked down to $50,000 for a year or two because of the failure of Congress to act on the new budget.

That makes a material difference in their purchasing decisions in 2014. Raw material prices and costs have significantly declined. The Petitioners like to say well it is not that big of a factor, raw rubber, based on the last investigation was approximately 50% of the cost of the tire. Rubber prices have gone down 50% during the POI, that accounts to about a 25% decrease in the raw material cost of making a tire and I'm not even talking about the petroleum cost reductions or steel reductions or other commodity reductions that would affect the process.

So the reality of this is raw material prices have gone down significantly, they more than account for most of the price differences we are talking about. So at the end of this you know, what is the source of the problem and it comes back to it's all about the economy, it's all about the market, the market is not in a great place.

Everybody is pulling back in the market right now including foreign producers. They are not flooding the market, there actually is a process of everyone stepping back because in this business it is boom, bust cycle. When it is a boom everybody makes money, when it is a bust, your capacity utilization will go down. You pull back and you wait for the good times to come again, that is not a function of imports, it is a function of the market. That is the factor that the Commission should look at.

There is no price suppression as far as we can tell, especially when branding is considered and we urge the Commission to separate out the mounted tire from unmounted tire imports, thank you.

MR. ANDERSON: Thank you Mr. Nolan and Mr. O'Brien for your closing statements. On behalf of the Commission I would like to -- and the staff here at the table here, we would very much like to thank all of you today for your presentations and for coming here and helping us and the counsel too for helping us to learn a lot more about this simple yet complex industry and complex and simple product and the conditions of competition in particularly.

Before concluding I want to mention a couple of important dates to keep in mind. The deadline for submission for corrections to the transcript and submission for post-conference briefs is Wednesday, February 3rd. If your briefs contain any proprietary information the public version is due on February 4th the following day and the Commission has tentatively scheduled its vote for this investigation on Friday the 19th two weeks from today.

And we will report our determinations to the Department of Commerce on February 22nd and Commission opinions will be transmitted to the Department of Commerce on February 29th. So again with those reminders I again thank you very much for all of your assistance and your information today and this conference is adjourned.

(Whereupon, at 3:28 p.m., the hearing was concluded.)

CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Certain New Pneumatic Off-the Road-Tires from China, India, and Sri Lanka

INVESTIGATION NOS.: 701-TA-551-553 and 731-TA-1307-1308

HEARING DATE: 1-29-16

LOCATION: Washington, D.C.

NATURE OF HEARING: Preliminary

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 1-29-16

SIGNED: Mark A. Jagan
Signature of the Contractor or the Authorized Contractor's Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Gregory Johnson
Signature of Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceedings.

SIGNED:

Larry Flowers
Signature of Court Reporter