

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:
STEEL TRAILER WHEELS FROM CHINA

) Investigation Nos.:
) 701-TA-609
) and
) 731-TA-1421
(PRELIMINARY)

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THE UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:) Investigation Nos.:
STEEL TRAILER WHEELS FROM CHINA) 701-TA-609 and
) 731-TA-1421
) (Preliminary)

Wednesday, August 29, 2018
Main Hearing Room (Room 101)
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C.

The meeting, commenced, pursuant to notice, at 9:30
a.m., before the Commissioners of the United States
International Trade Commission, Chairman David S. Johanson,
presiding.

1 APPEARANCES:

2 On behalf of the International Trade Commission:

3 Commissioners:

4 DAVID S. JOHANSON, CHAIRMAN (presiding)

5 IRVING A. WILLIAMSON, COMMISSIONER

6 MEREDITH M. BROADBENT, COMMISSIONER

7 JASON E. KEARNS, COMMISSIONER

8

9 Staff:

10 WILLIAM R. BISHOP, SUPERVISORY HEARINGS AND

11 INFORMATION OFFICER

12 SHARON BELLAMY, RECORDS MANAGEMENT SPECIALIST

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14 CRAIG THOMSEN, SUPERVISORY INVESTIGATOR

15 JORDAN HARRIMAN, INVESTIGATOR

16 MOSES SONG, INVESTIGATOR

17 AMANDA LAWRENCE, INTERNATIONAL TRADE ANALYST

18 AIMEE LARSEN, ECONOMIST

19 CHARLES YOST, ACCOUNTANT/AUDITOR

20 SAMUEL VARELA-MOLINA, ACCOUNTANT/AUDITOR

21 HENRY SMITH, ATTORNEY/ADVISOR

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1 OPENING REMARKS:

2 In Support of Imposition (Terence P. Stewart, Stewart and
3 Stewart)

4 In Opposition to Imposition (Ting-Ting Kao, White & Case
5 LLP)

6

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

9 Stewart and Stewart

10 Washington, DC

11 on behalf of

12

13 Dexstart Wheel Division of Americana Development, Inc.

14 P. Jeffrey Pizzola, Group Chief Financial Officer,

15 Chief Operating Officer, Americana Development Inc.

16 Robin Pickard, Vice President of Finance and

17 Accounting, American Kenda Rubber Industrial Co., Ltd.

18 Ray Oglesby, General Manager, Dexstar Wheel Division

19 Patricia Bowen, Sales/Customer Service, Dexstar Wheel

20 Division

21 Jerry Sampson, President, Americana Tire and Wheel, a

22 Division of Americana development, Inc.

23 John Wright, Division Manager, Americana Tire and

24 Wheel, Elkhart branch

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1 In Support of the Imposition of Antidumping and
2 Countervailing Duty Orders (continued):

3 Otis Howell, Corporate Project Analyst, Americana
4 Development Inc.

5 Terence P. Stewart, Nicholas J. Birch, Mark D. Beatty -
6 of Counsel

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

10 White & Case LLP

11 Washington, DC

12 on behalf of

13

14 Zhejiang Jingu, Co, Ltd.

15 Jiayan Jin, CEO - Steel Wheel, Zhejiang Jingu, Co, Ltd.

16 Tim Miller, President, Lionshead Specialty Tire &
17 Wheel, LLC

18 Jay Campbell, Ting-Ting Kao, Allison Kepkay -
19 of Counsel

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

3 Barnes, Richardson & Colburn LLP
4 Washington, DC

5 on behalf of

6

7 Tredit Tire & Wheel Co, Inc. ("Tredit")

8 Ronald A. Pike, President and COO, Tredit

9 Brian F. Walsh - of Counsel

10

11 Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt, LLP

12 Washington, DC

13 on behalf of

14

15 Trans Texas Tire

16 Amanda Walker, Executive Vice President, Trans Texas

17 Tire

18 Tom Walker, CEO Emeritus, Trans Texas Tire

19 Ned H. Marshak, Neil S. Helfand - of Counsel

20

21

22 The RV Industry Association

23 Reston, VA

24 Michael Ochs, Director, Government Affairs

25

1 REBUTTAL/CLOSING REMARKS:

2 In Support of Imposition (Terence P. Stewart, Stewart and
3 Stewart)

4 In Opposition to Imposition (Ting-Ting Kao, White & Case
5 LLP; and Ned H. Marshak, Grunfeld, Desiderio,
6 Lebowitz, Silverman & Klestadt, LLP)

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21

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23

24

25

INDEX

	Page
1	
2	
3	OPENING REMARKS:
4	In Support of Imposition (Terence P. Stewart, Stewart and
5	Stewart) 10
6	In Opposition to Imposition (Ting-Ting Kao, White & Case
7	LLP) 14
8	
9	P. Jeffrey Pizzola, Group Chief Financial Officer,
10	Chief Operating Officer, Americana Development Inc. 16
11	Robin Pickard, Vice President of Finance and
12	Accounting, American Kenda Rubber
13	Industrial Co., Ltd. 23
14	Ray Oglesby, General Manager, Dexstar Wheel Division 27
15	Patricia Bowen, Sales/Customer Service, Dexstar Wheel
16	Division 34
17	Jerry Sampson, President, Americana Tire and Wheel, a
18	Division of Americana development, Inc. 38
19	Terence P. Stewart, Stewart and Stewart 43
20	Ting-Ting Kao, White & Case 105
21	Tim Miller, President, Lionshead Specialty Tire &
22	Wheel, LLC 107
23	Amanda Walker, Executive Vice President, Trans Texas
24	Tire 114
25	

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX

	Page
Ronald A. Pike, President and COO, Tredit	122
Michael Ochs, Director, GOvernment Affairs	125
Jiayan Jin, CEO - Steel Wheel, Zhejiang Jingu, Co, Ltd.	131
In Support of Imposition (Terence P. Stewart, Stewart and Stewart)	184
In Opposition to Imposition (Ting-Ting Kao, White & Case LLP)	188

P R O C E E D I N G S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
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(9:30 a.m.)

MR. BISHOP: Will the room please come to order?

MR. THOMSEN: Good morning and welcome to the United States International Trade Commission's conference in connection with the preliminary phase of the antidumping and countervailing duty investigation nos. 701-TA-609 and 731-TA-1421 concerning Steel Trailer Wheels from China.

My name is Craig Thomsen. I am the Supervisory Investigator on these investigations and I will preside at this conference. Among those present from the Commission Staff are from my far right Jordan Harriman, the Investigator; Moses Song another Investigator; Henry Smith, the Attorney Advisor; Amy Larsen, the Economist; Charles Yost, Accountant Auditor; Samuel Varela-Molina, another Accountant Auditor and Amanda Lawrence, the Industry Analyst.

I understand that parties are aware of the time allocations. Any questions regarding the time allocations should be addressed with the Secretary. I would remind speakers not to refer in your remarks to business proprietary information and to speak directly into the microphones. We also ask that you state your name and affiliation for the record before beginning your presentation or answering questions for the benefit of the

1 court reporter. All witnesses must be sworn in before
2 presenting testimony.

3 During this proceeding we are scheduled to have a
4 break for lunch of approximately one hour. Are there any
5 questions? Alright, Mr. Secretary, are there any
6 preliminary matters?

7 MR. BISHOP: Yes, Mr. Chairman. I would note
8 that all witnesses for today's conference have been sworn
9 in. I would also remind witnesses to please state your name
10 for the record every time you speak as the court reporter
11 will have difficulty seeing the name signs with our exhibits
12 today.

13 Also, I would note that the Commission is
14 scheduled for an 11 o'clock vote today on Uncoated Ground
15 Wood Paper. We will recess today's conference around 10:45
16 and we will resume the conference immediately following the
17 vote. There are no other preliminary matters.

18 MR. THOMSEN: Very well, let us begin with
19 opening remarks.

20 MR. BISHOP: Opening remarks on behalf of those
21 in support of imposition will be given by Terrence P.
22 Stewart of Stewart and Stewart. Mr. Stewart, you have five
23 minutes.

24 OPENING STATEMENT OF TERENCE P. STEWART

25 MR. STEWART: Good morning, Mr. Thomsen and

1 Members of the Commission Staff. I'm Terence Stewart of
2 Stewart and Stewart and I'm here this morning on behalf of
3 the Petitioner, Dexstar Wheel a Division of Americana
4 Development, Inc. Dexstar is one of only two remaining
5 Domestic Producers of steel trailer wheels 12 to 16
6 inches in diameter.

7 The other Domestic Producers American Wheel
8 Corporation supports the Petition as indicated, is adversely
9 affected by Chinese Imports. Dexstar believes that it
10 accounts for the vast majority of the Domestic Industry
11 producing steel trailer wheels.

12 Dexstar's experience as laid out in the Petitions
13 and its U.S. Producer questionnaire response shows an
14 industry experiencing declining production of wheels,
15 declining shipments, declining employment and unsustainable
16 profitability during the 2015 June 2018 being examined,
17 despite overall growth and demand in the market.

18 It also shows an industry suffering significant
19 price underselling by imports from China. Moreover with
20 rising steel costs, the interim period confirms a cost/price
21 squeeze as Dexstar is not able to raise its prices
22 sufficiently to cover rising steel costs, a fact directly
23 attributable to the very low prices of Chinese Product in
24 the market.

25 Imports from China are significant absolutely

1 accounting for more than 95 percent of the total imports and
2 the lion's share of apparent consumption. U.S. Imports'
3 statistics show imports from China increasing during the
4 Period of Investigation on both a quantity and value basis.

5 Dexstar's petition review the estimated share of
6 apparent consumption accounted for by imports from China,
7 not surprisingly with imports from China increasing while
8 Domestic Producers and shipments have declined, imports from
9 China have gained market share at the direct expense of the
10 Domestic Industry during the period covered in these
11 preliminary investigations.

12 In short, the Domestic Industry is suffering
13 material injury by reason of Subject Imports from China
14 which are believed to be both dumped and subsidized at
15 significant margins. Petitioner expects that Commerce will
16 initiate both investigations shortly and that the scope of
17 the investigations will be as laid out in the Petitions,
18 clarified in supplements to the Petitions.

19 Specifically, the Petition covers certain steel
20 wheels with a nominal diameter of 12 to 16 inches that are
21 from various types of trailers and toteable RV equipment.
22 The Petition covers both completed wheels and components
23 thereof whether finished or not. Excluded for the
24 Petition's scope are steel wheels that are chrome coated,
25 steel wheels that are for tube tires; such wheels have

1 multi-piece rims, steel wheels of sizes smaller or larger
2 than the wheels covered by the scope, steel wheels for
3 passenger vehicles, light trucks or off-the-road vehicles
4 and aluminum wheels. All those are excluded.

5 The Petitioner believes that the Commission
6 should for the preliminary determination find a domestic
7 like product that is coextensive with the scope of the
8 investigation. Dexstar's experience in the market is that
9 purchasers view imported wheels from China as being
10 comparable to the domestic wheels on the vast majority of
11 factors including quality and availability. China's
12 market share in the U.S. Market comes from its significantly
13 lower prices versus other producers. As a Domestic
14 Producer, Dexstar has a shorter supply chain to customers
15 which permits shorter lead times on orders and smaller
16 quantity purchases. These advantages for Dexstar don't
17 translate into any significant price advantage in the
18 market. Instead, the company has had
19 customers switch to Chinese supply for as little as ten
20 cents per wheel and some potential customers have insisted
21 that Dexstar have prices below the Chinese to be considered.
22 All of this is simply to say that Chinese Product and U.S.
23 Product are highly substitutable. Price has been and
24 continues to be the overwhelming factor driving order
25 decisions by purchasers in the vast majority of situations.

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Our witnesses this morning will flesh out these facts thus the Domestic Industry is up against Chinese Producers who currently have a huge market share, broadly accepted product in a market where the major purchasing factor is who has the lowest price. What the record before the Commission shows is that the Domestic Industry has been losing market share, being undersold and facing decline in a wide range of factors and earning plainly inadequate returns.

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In short, the domestic steel trailer wheel industry has been materially injured by rising imports of allegedly dumped and subsidized Chinese steel trailer wheels. Accordingly we ask the Commission to render an affirmative preliminary determination. Thank you very much.

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MR. BISHOP: Thank you, Mr. Stewart. Opening remarks on behalf of those in opposition to imposition will be given by Ting-Ting Kao of White & Case. Ms. Kao, you have five minutes.

OPENING STATEMENT OF TING-TING KAO

MS. KAO: Good morning. Thank you very much. My name is Ting-Ting Kao with White and Case and Counsel to Zhejianj Jingu a respondent in this investigation.

As you will hear today, the steel trailer wheel market in the United States has several distinct conditions

1 of competition which must be taken into account when the
2 Commission analyses the statutory volume, price and impact
3 factors.

4 First, Americana Development, of which Dexstar is
5 a division has assembly operations. This means that
6 Americana Development competes with independent assemblers.
7 The assembler market constitutes a significant portion of
8 U.S. demand for steel trailer wheels. Large independent
9 assemblers justifiably do not want to purchase steel trailer
10 wheels from Dexstar because they would be relying on a
11 competitor. So independent assemblers rely on imports.

12 Consequently, there is limited competition in the
13 assembly/OEM segment of the market. The lack of competition
14 in this market should also be taken into consideration when
15 the Commission examines price effects. The Commission
16 collected pricing data before pricing products sold to the
17 OEM market. It did not collect pricing data with respect to
18 the aftermarket. Thus the pricing data collected represents
19 only a limited portion of the market where pricing behavior
20 is marked by lack of competition.

21 Second, purchasers rely on several non-price
22 factors such as quality, lead time, and geographic reach in
23 making their purchasing decisions. These non-price factors
24 play a significant key role to understanding the market
25 dynamics in this industry, especially as they relate to the

1 include the oversight of all operating divisions including
2 Dexstar Wheel. I also make the determination as to where we
3 will make our capital investments.

4 To give some background, Dexstar Wheel is today
5 one of a number of divisions within Americana Development.
6 Other divisions include Americana Tire and Wheel, Martin
7 Wheel and Monitor Manufacturing. These three divisions are
8 assemblers. They purchase wheels of the sizes included in
9 the petitions and tires and mount and inflate the tire on
10 the wheel.

11 Those tire and wheel assemblies are sold to
12 original equipment manufacturers to go on trailers,
13 recreational vehicles and the mobile homes they produce.
14 Assemblers also sell these assemblies as well as unmounted
15 tires and wheels to the aftermarket distributors for
16 replacement parts.

17 The three assemblers under Americana Development
18 buy wheels from Dexstar as well as Chinese and some other
19 foreign wheels in order to stay competitive with the other
20 assemblers in the United States who are competing for the
21 same OEM and aftermarket business. Dexstar also sells
22 wheels to those other assemblers and to the aftermarket
23 customers. Dexstar is the remaining U.S. Producers steel
24 trailer wheels covered by these investigations and is the
25 Petitioner in this case.

1 The other Domestic Producers American Wheel Corp
2 in Chicago, Illinois supports the investigation and has
3 submitted a letter to that effect which is included in
4 volume one of the Petition. Mr. Dodd, the owner of American
5 Wheel Corp states in his letter of August 1, "Competition
6 from steel wheels imported from China at extraordinarily low
7 prices has become a major problem for my company."

8 As shown in the Petitions we filed and in
9 Dexstar's U.S. Producer questionnaire response, the past
10 three and a half years have been difficult for Dexstar. In
11 a strong, growing market Dexstar has been losing ground and
12 incurring losses. It is being pressured by low priced
13 Chinese Imports to reduce its prices and import some
14 products including parts or to simply give up market share.

15 The scope of these investigations is steel
16 trailer wheels ranging in size from 12 inches to 16 inches
17 in outside diameter, used for a wide range of trailers
18 including utility trailers, cargo trailers, boat trailers,
19 horse trailers and toteable RVs. The scope includes parts
20 as well. While parts are typically consumed in producing
21 finished wheels, steel rims are also sold as rims used by
22 the toteable mobile home industry although the same rims are
23 also used to produce finished wheels. These products make
24 up nearly 100 percent of Dexstar's production and sales.

25 During the 2015 to June 2018 time period covered

1 by the Commission's preliminary investigations, the volume
2 and value of Subject Imports have increased absolutely and
3 relative to the Domestic Producers and apparent consumption.
4 As shown in the U.S. Import statistics on page 1-22 and 1-21
5 of the Petitions, imports from China under the HTS code that
6 covers specifically 12-16 inch steel trailer wheels grew
7 by over 20 percent from 2015 to 2017, another 8 percent over
8 the first half of 2017.

9 Value is up 10.4 percent and 17.3 percent
10 respectively. That contrasts with Dexstar's shipments over
11 that period which fell from 2015 to 2017 and again in the
12 interim period of 2018. Steel trailer wheels from other
13 countries have increased over the period but they're
14 absolute increase was only a fraction of the absolute
15 increase of imports from China.

16 China in 2017 was over 95 percent of the total
17 imports in volume and value basis and gained in market share
18 and as a percentage of U.S. Shipments as reviewed in the
19 confidential table on pages 1-23 and 1-24 of volume 1 of the
20 Petition. Dexstar's shipments are to assemblers, both
21 unrelated and related, to some OEMs and various
22 distributors.

23 Major unrelated distributors have bought from
24 Dexstar when Dexstar's prices were viewed as competitive
25 with Chinese prices but have switched volume sometimes for

1 as little as 10 cents a wheel when Chinese prices undersell
2 Dexstar as they have done regularly throughout the Period of
3 Investigation.

4 You'll see in our questionnaire response that
5 Dexstar has lost a great deal of unrelated party sales
6 during the Period of Investigation. This is price driven.
7 Related party assemblers will buy Dexstar but only when
8 prices are reasonably competitive with Chinese Imports.

9 While several unrelated assemblers appearing
10 today in opposition to relief are not regular customers of
11 Dexstar, even they approach Dexstar when there are delivery
12 issues with their imported product. There are advantages to
13 assemblers and buying from a domestic producer, reduce
14 supply chain issues, smaller minimum quantities, credit
15 terms and domestic technical support but such advantages to
16 a company like Dexstar translate into a very tiny price
17 advantage if any for most customers and no advantage for
18 most.

19 Chinese Imports have continued to lower the bar
20 on prices in the U.S. Market although there have been some
21 price increases by Chinese Producers in the past year the
22 increases are nowhere close to keeping with rising raw
23 material cost to a Domestic Producer like Dexstar.

24 The result is increased pressure on Dexstar's
25 margins as can be seen in the 1st half of 2018 results.

1 Dexstar has done everything it can to cut costs without
2 cutting quality including reengineering our wheels to reduce
3 material usage and cost, investing in pulse welding to
4 improve efficiency, reducing costs and lowering energy
5 consumption.

6 Additionally we have invested to move outsourced
7 processes to in-house to further reduce costs. We've taken
8 multiple steps in our manufacturing process to try to take
9 out every single penny of cost as possible. We've even
10 combined multiple positions in the past few years so that
11 members of management are now wearing multiple hats to try
12 to cut overhead costs. We've reduced head count in the
13 plant to reflect costs in the declining volume.

14 We've slashed capital expenditures and now
15 basically fund maintenance while we'd like to make major
16 investments we would like to make to ensure the
17 competitiveness of Dexstar into the future. We've imported
18 certain parts where prices from China were so much lower
19 than our costs to try to be competitive on our finished
20 wheels.

21 This has meant reduced volume, reducing volume of
22 product running through our own facility. We've even
23 imported certain steel trailer wheels where the imported
24 price of the finished wheel was dramatically below Dexstar's
25 own cost to be able to service some customer needs.

1 But none of these steps has allowed Dexstar to
2 lower its costs enough to be able to return to
3 profitability. The principle reason for that inability are
4 the Chinese Imports in the U.S. Market. As our Petitions
5 make clear we believe that Chinese steel trailer wheels are
6 both dumped and heavily subsidized.

7 Major Chinese Producers like Jingu and Shiman are
8 viewed as providing a steel trailer wheel that is
9 competitive in quality and it leads the market in price. In
10 such an environment Dexstar is not able to raise its prices
11 when its costs increase if such increases are not occurring
12 for the Chinese suppliers at the same time or Dexstar will
13 simply lose sales.

14 In the current market situation where raw
15 material costs in the United States have increased
16 significantly in recent months, Dexstar faces the likelihood
17 of sharply increasing losses as it attempts to remain
18 competitive in the market. We understand the U.S. Trade
19 Remedy Laws don't promise U.S. Producers success in the
20 market, just an opportunity to compete against fairly priced
21 imports and subsidization offset.

22 We believe that that is all that Dexstar needs to
23 survive and thrive. The current market prices are not at
24 sustainable levels and we believe these prices float down
25 from significant dumping by Chinese Producers and by

1 substantial subsidies provided to Chinese Producers.

2 Dexstar is a sufficient producer. If we get
3 prices back to the fair market value Dexstar will be able to
4 produce profitably and I have no doubt will open some doors
5 for Dexstar to fill up its capacity and to make investments
6 to remain a force in the future. We just want the
7 opportunity for Dexstar to compete on a level field so that
8 our wheels have a fair opportunity to compete for sales.
9 That's all the relief the U.S. Law offers and that's the
10 relief we brought these cases seeking to obtain.

11 Dexstar Wheel is a major producer in the Industry
12 has been materially injured by the rising tide of imports
13 from China which we believe are both dumped and subsidized.
14 Subject Imports have increased absolutely and relative to
15 Domestic Production and increased their share of apparent
16 consumption and have significantly undersold U.S. Producers'
17 prices.

18 Subject Imports are the cause of material injury
19 suffered and that will obviously continue absent relief.
20 For all of Dexstar's employees I ask the Commission to
21 render an affirmative injury determination in these
22 investigations. Thank you for meeting with use today and
23 I'll be happy to answer any questions you may have.

24 STATEMENT OF ROBIN PICKARD

25 MS. PICKARD: Good morning Commission staff. My

1 name is Robin Pickard. In 2008, I became the Group
2 Controller for Americana Development, Inc., including
3 Dexstar Wheel. With that position, my responsibilities
4 included overseeing the consolidated financials for the
5 companies in the Group and working with auditors.

6 I am now the Vice President of Finance and
7 Accounting of Americana Development, Inc. In my role of
8 consolidating and overseeing the financials for the various
9 companies, I am, of course, very familiar with Dexstar's
10 financial operations and results.

11 As was explained in Volume 1 of the petitions we
12 filed, the rising volumes and low prices of steel trailer
13 wheels from China have caused significant injury to
14 Dexstar's operations and undercut Dexstar's ability to be
15 profitable. I am aware the International Trade Commission
16 looks at a number of operations and financial indicators to
17 determine whether a domestic industry has been injured.

18 As we believe, Dexstar constitutes the vast
19 majority of the domestic industry; Dexstar's experience
20 should be fully reflexive of the performance of the domestic
21 industry in this preliminary investigation.

22 The petition and our U.S. producers
23 questionnaire response shows declines and adverse results in
24 essentially all of the factors the Commission examines in
25 looking at the health of the domestic industry. Over the

1 2015 to 2017 full year and the 2017 and 2018 first half
2 periods that the Commission is examining in this
3 preliminary stage, Dexstar has seen shipments drop and had
4 to lower its production because of those reduced sales.
5 That, in turn, reduced Dexstar's already low capacity
6 utilization. The prices Dexstar was able to receive for its
7 wheels also declined on average.

8 Because Dexstar was able to sell fewer steel
9 trailer wheels at generally lower prices, its financial
10 returns have suffered despite the cost-cutting efforts Jeff
11 Pizzola just reviewed. The extent of the injury to Dexstar
12 has been severe as can be seen in the proprietary figures in
13 the petition and the questionnaire response filed by
14 Dexstar.

15 Those returns impact the investment we are able
16 to justify making in Dexstar. The capital expenditures we
17 have been able to justify have been those necessary to meet
18 maintenance demands and keep the equipment functioning. We
19 would like to be able to make the investments necessary to
20 take Dexstar into the future of production, but we cannot
21 justify those investments with the types of returns Dexstar
22 has been able to make in the current market where so much of
23 the market is held by low-priced Chinese imports.

24 And even though sales Dexstar makes have to be
25 at the prices competitive with the Chinese product, these

1 operating and financial results also directly impact
2 Dexstar's workers. We have had to reduce employment over
3 the period of investigation, both the number of workers that
4 were employed by Dexstar and the number of hours they
5 worked. At one point, Dexstar had three shifts of workers
6 making steel trailer wheels. Now there is only one full and
7 one partial shift. Dexstar's financial performance worsens
8 in the first half of 2018, as our questionnaire response
9 reviews.

10 With rising raw material costs, absent a
11 correction of dumping and subsidation on Chinese wheels,
12 Dexstar will likely experience a significant worsening loss
13 in the imminent future as Dexstar cannot raise prices to
14 reflex its underlying cost structure if the Chinese prices
15 remain at depressed levels. Increase loses by Dexstar would
16 put at risk the survival of Dexstar as a domestic
17 manufacturer.

18 In short, I have seen how this import
19 competition has directly affected Dexstar's ability to
20 operate at reasonable volumes and profitability. I believe
21 that the information we have provided in the petition and in
22 Dexstar's U.S. producers' questionnaire response makes very
23 clear that Chinese imports are causing material injury to
24 the domestic steel trailer wheel industry and will continue
25 to cause that injury without the relief we seek.

1 Accordingly, I ask the Commission to make an
2 affirmation injury determination in this preliminary
3 investigation. Thank you. I am pleased to answer any
4 questions.

5 STATEMENT OF RAY OGLESBY

6 MR. OGLESBY: Good morning members of the
7 Commission staff. My name is Ray Oglesby. I am the General
8 Manager of Dexstar Wheel Division of Americana, Inc., and
9 the Petitioner in these investigations.

10 I currently oversee daily operations at the
11 Dexstar Steel Wheel production facility in Elkhart, Indiana,
12 including production and sales. I've been the general
13 manager for the past six months, but I'm familiar with
14 Dexstar's operations and would be happy to answer any
15 questions you may have.

16 Mr. Pizzola and Ms. Pickard have provided you
17 with an overview of the injury Dexstar has experienced
18 during 2015 to June 2018, the period being examined by the
19 Commission, and I agree completely with their
20 characterizations of Dexstar's performance over that time
21 period.

22 As the general manager, I, of course, live daily
23 with reduce of workforce, a stretch to the limits support
24 staff, along with Chinese suppliers, our competitors.

25 As I know, the Commission staff and a new

1 investigation has the multiple tasks they are attempting to
2 cover from questionnaires and preliminary injury conference
3 today. I will focus my testimony on the manufacturing
4 process of steel trailer wheels.

5 In the production of steel trailer wheels and
6 the sizes covered in the petitions and similar to the
7 production of other steel wheels you may be familiar with
8 from other cases on different types of steel wheels, we've
9 brought some of the assemblies and the size range covered in
10 these petitions here today on display to the table to your
11 left.

12 These samples show some of the different
13 finishes, such as the painted white wheel with colored
14 stripes. Some wheels on the table have e-coating and I'll
15 talk about that. First, it's important to understand that
16 our manufacturing lines are designed only to handle trailer
17 wheels that are 12 to 6 1/2 inches in diameter and cannot
18 produce bands of similar or smaller diameters on our
19 equipment. We also cannot produce steel wheels of similar
20 diameters for use on passenger cars or light trucks nor can
21 we produce aluminum wheels of any size on our equipment.

22 To help you understand the production process,
23 I've developed a process flow chart, which is being
24 displayed, which is copied in my printed testimony. I will
25 do my best to walk you through the process. To produce the

1 steel trailer wheels, we start with hot rolled steel, as
2 shown in the first block of the process map. We receive the
3 coils in specific widths and thicknesses. We use both high
4 strength, low alloy, and carbon steels in production. We
5 use various steel coils to produce both the band, which you
6 might refer to as the rim of the wheel and center disk.

7 For the rim, which is part of the wheel that
8 will be in contact with the tire, we unwind and cut steel to
9 length. We bend those lengths into a circle and then butt
10 weld the ends together to form a hoop. That hoop is then
11 profiled by our rolling stands into what we would call the
12 band of the wheel. The geometry of the band profile
13 determines much of the strength of the wheel and how much
14 load the wheel will carry. Our production process is highly
15 automated and we have two lines producing these bands, one
16 for the 12 and 13-inch bands and one for the larger
17 diameters up to 16 1/2-inch diameter.

18 To produce the center disk, we stamp them out of
19 hot rolled coil steel. The disk is formed with curved edges
20 for attachment to the band. We then use a punch press to
21 put various holes in the disk, including the butt holes for
22 various design holes based on the style of the wheel and
23 customer design. The center disk and the band are brought
24 together to form an assembly, as shown in the process map.

25 We press a disk into the band until a specific

1 depth of that wheel. We then load the assemblies into
2 either automated or non-automated welding machines that
3 permanently join the two components to form a wheel. For
4 the next step, we load the wheel assemblies into our
5 automated paint lines as shown on the bottom of the boxes on
6 the process map. The assemblies first go through a wash and
7 then into an e-coat primer base which is applied to a dip
8 process.

9 Following the wash, the assemblies then pass
10 through a dehydrating oven. The assemblies are then taken
11 to our paint line and we apply a polyester power paint
12 topcoat in any color we choose. For any customer that
13 requests a paint-free lug hole to improve torque retention
14 in the lug nuts we offer that option, same as a number of
15 foreign producers do. We also offer wheels with colored
16 stripes on them and some of the striping and color coding is
17 done by hand.

18 For orders seeking a galvanizing finish, we use
19 a total arrangement with a galvanizing operation in
20 Tennessee to apply the galvanizing finish and then return
21 the wheel to Dexstar for sale.

22 Based on our discussions with some of our
23 customers where trailer applications were corrosion
24 resistance is a more critical aspect in addition to the
25 galvanizing we offer, Dexstar has recently developed a new

1 product called Galvstar Wheels, which includes an e-coat
2 galvanizing and painting steps.

3 Our facility also produces some bands that are
4 used in mobile homes, what you might refer to as
5 manufactured homes. These bands are used one time to move a
6 house to where it is to be placed. Mobile home rims
7 consists of a band. The tire is mounted on the band as with
8 other trailer wheels, but instead of using the center disk,
9 the mobile home band is bolted directly to specialized hubs
10 used in mobile homes using axle-mounting bolts that press
11 against the rim.

12 We have a sample of the mobile home band on the
13 table. Like other steel trailer wheels, mobile home bands
14 are DOT regulated and must meet the same requirements to run
15 on U.S. roads. We produce those bands on the same automated
16 line and from the same materials that we use to produce
17 bands for our other wheels. They just do not have the
18 center disk. The mobile home bands have similar profiles as
19 other bands we manufacture. In some cases the same bands
20 can be used for mobile homes are assembled with center disks
21 to produce a standard steel trailer wheel. We use the same
22 e-coat process to finish the mobile home band as we use in
23 other wheels.

24 Mobile home manufacturers are looking for the
25 lowest priced, single use product that still meets DOT

1 requirements. As a result, mobile home manufacturers don't
2 want to pay for additional finishing steps. Our plant has
3 been designed and operated to produce 12 to 16 1/2-inch
4 trailer wheels that are similar and identical to the
5 imported products covered in these investigations. We
6 produce a few other products in our plant to fill some of
7 the underutilized capacity we able, but nearly all of what
8 is produced in our facility is 12 to 16 1/2-inch steel
9 trailer wheels.

10 Currently, we are running one full shift and one
11 partial shift producing steel wheels. In the past, our
12 plant has run three full shifts. I would at least get back
13 to our second shift fully staffed. We have to the produced
14 to the lower volumes that we are able to currently sell.

15 As Patty Bowen, who's in charge of our Sales and
16 Customer Service, is going to tell you the market demand is
17 up, but we are losing because we cannot meet the prices of
18 the Chinese suppliers. If we can't meet or get close to the
19 Chinese prices nearly all of our customers who are buying
20 imports instead of our product, including assemblies who are
21 related to Dexstar that is why our current production demand
22 is below where it was in the past, were it could be, and
23 below where I would like for it to be.

24 And because we're not producing as many wheels,
25 I just can't keep workers on and we have been forced to ask

1 many of our remaining team members to wear multiple hats to
2 reduce costs. Patty Bowen is prime example. I would like
3 to see investments in our facility get made to update our
4 equipment and ensure our production process will keep us
5 competitive. The management at Americana Development hears
6 this from me all the time, but if Patty is having to sell
7 our wheels at prices that are too low to return a profit
8 because of the pricing of Chinese competitors I can
9 completely understand that the business just can't justify
10 making more of an investment than is necessary to keep the
11 operation running to meet our current demands.

12 We at Dexstar still make a wheel that is second
13 to none in quality and we deliver to our customers much more
14 quickly than they can get wheels all the way from China, but
15 we cannot compete with the Chinese prices. If we can get
16 prices in the U.S. to a fair level, I'm a sure Dexstar will
17 get the investments it really needs and be able to get back
18 to operating higher levels of capacity utilization and
19 employment as previous years.

20 Relief from unfairly traded imports is critical
21 for Dexstar and its employees. On behalf of my entire team
22 at Dexstar, I ask the Commission to take an affirmative
23 preliminary determination that imports from China are
24 injuring the U.S. producers of steel trailer wheels. And I
25 thank you for your time and I'm happy to answer any

1 questions you may have.

2 STATEMENT OF PATRICIA BOWEN

3 MS. BOWEN: Good morning, Commission staff. My
4 name is Patty Bowen--is that loud enough? Can you hear me?
5 There we go.

6 I have been with Dexstar five years in November,
7 and part of that I was with Greenball--

8 (Pause.)

9 Is that better? Yes, much better.

10 Good morning, Commission staff. My name is Patty
11 Bowen and I've been with Dexstar for five years in November.
12 Prior to that, I was with Greenball Corporation, a customer
13 of Dexstar, for 12 years.

14 (Pause.)

15 Good morning, Commission staff. My name is Patty
16 Bowen--and let's try this one more time. I have been with
17 Dexstar Wheel five years in November, and prior to that I
18 was with Greenball Corporation, a customer of Dexstar, for
19 12 years, and with Titan International for 8 years prior to
20 that.

21 I have been a customer of--I've been in customer
22 service at all three companies, incoming to Dexstar, from
23 being a customer has really helped me to understand what
24 Dexstar offers and what customers need from Dexstar.

25 I started in customer service at Dexstar, and now

1 I also cover sales. I help with shipping coordinating, and
2 I help with warranty. I've also done production scheduling
3 here, and I feel I have a really firm grasp of everything
4 that's going on at Dexstar as far as sales and customer
5 relations go.

6 I'm constantly interfacing with our customers, so
7 I am very aware of their needs and what they're looking for
8 in purchasing steel trailer wheels. I get feedback all the
9 time from our customers on what Dexstar is providing them
10 and what they're looking for.

11 Dexstar offers a quality product, and we have the
12 advantage of shorter delivery times and lower order
13 quantities. Major Chinese producers who dominate the market
14 are viewed as having acceptable quality, as well, but have
15 always been viewed as the low-price source for trailer
16 tires, or for trailer wheels.

17 Because the major suppliers are viewed as having
18 acceptable quality, much of the purchase decisions come down
19 to the lowest price. Dexstar may get a small premium for
20 its shorter lead time, because the reduced inventories a
21 purchaser has to maintain, smaller minimum order quantities,
22 credit terms, and technical assistance, but that premium is
23 at best small for some accounts and not considered at all in
24 others.

25 Dexstar does its best to get as close to Chinese

1 prices, but often is not able to. If I can always meet the
2 Chinese price the customers are seeing on the imports, I
3 could always sell Dexstar wheels. But I can't. And that
4 results in a lot of lost sales in fact.

5 People always want our wheels. I get great
6 feedback about our quality and our service, but pricing is
7 always the issue. The only complaint I generally ever get
8 is that import prices are lower. The question I almost
9 always get asked by my customers is how do our prices
10 compare to the imports? If our prices are in the least very
11 close to the Chinese prices in the market, we won't get the
12 order. Stated differently, while many customers might
13 prefer to buy from Dexstar, they will buy the lower priced
14 Chinese wheels instead if we're not competitive with the
15 Chinese import prices.

16 We continue to struggle to meet or be close to
17 those prices, and the volumes I've been able to sell have
18 continually slipped as more of my customers are turning to
19 the import price.

20 As Ray just told you, we are working with a
21 reduced head count, not just in our production workers but
22 in our management roles as well. I used to just cover
23 customer service at Dexstar, but now I am also responsible
24 for sales and help out with scheduling, and warranty work,
25 and a few other areas. We're cutting every cost we can,

1 while still making the quality wheels that Dexstar is known
2 for, but I can only wear so many hats. And the pressure
3 from the imports just keeps coming.

4 It has not been an uncommon occurrence that a
5 customer will come to me when the wheels they order from
6 China are going to be late, or something else has happened
7 with their order. My customer then asks Dexstar to step in
8 and get them the wheels that they need so that their
9 production or that their orders don't get held up. And we
10 try our best to help them out.

11 But once the emergency has passed, they'll go
12 right back to placing their orders overseas to get the lower
13 Chinese prices. Most of Dexstar's sales go to assemblers
14 who mount the tires they buy on our wheels and then they
15 sell the full assembly ready to mount to their OEM and
16 aftermarket distributor.

17 Dexstar also sells wheels directly to some
18 aftermarket customers who purchase sufficient volumes, but
19 we face still competition from imports in all of these
20 accounts. I have no doubt that if Chinese prices were at
21 fair levels I'd be making sales to customers who are now
22 buying only imports, and more sales to customers who now buy
23 only some of their needs from Dexstar.

24 Without relief from the Chinese prices that we
25 believe are fueled by dumping and subsidies, Dexstar will

1 continue to struggle to remain financially relevant and
2 operational.

3 On behalf of the Dexstar employees involved in
4 production and sales, we have been able to maintain and hope
5 to be able to recover, I ask the Commission to make an
6 affirmative preliminary determination. Thank you, and I'm
7 happy to answer any questions.

8 STATEMENT OF JERRY SAMPSON

9 MR. SAMPSON: Good morning. My name is Jerry
10 Sampson and I am the President of Americana Tire and Wheel,
11 or ATW, a division of Americana Development, Inc.

12 We are located in Reynoldsburg, Ohio. I have
13 been president of ATW for just over two years. Before that,
14 I have been in supply chain and purchasing positions at
15 various companies for over 35 years.

16 Prior to becoming President of ATW, I was for a
17 time general manager at Dexstar Wheel, so I am also familiar
18 with Dexstar's operation. My role at ATW includes oversight
19 of four assembly operations ATW has round the country,
20 including purchasing of wheels, tires, and other materials
21 for all four operations.

22 ATW is a tire and wheel assembler serving the
23 trailer and towable RV market. That market includes tires
24 and wheels for cargo trailers, boat trailers, utility
25 trailers, towable RV product, mobile homes, and other

1 non-motorized towables.

2 The operations at our four Americana tire and
3 wheel locations are basically mirrors of each other. We
4 have highspeed assembly equipment. We bring in tires. We
5 bring in wheels, and we marry them together into assemblies.

6 We sell those assemblies into various markets,
7 including OE producers of all of the types of trailers I
8 just mentioned, as well as to aftermarket distributors. We
9 also mount some tires onto mobile home rims.

10 Assemblers like ATW exist because it's not
11 economical for each OE to invest in high speed assembly
12 lines to efficiently mount the number of tires and wheels
13 they consume. We are able to combine the demand for
14 assemblies from many OEs and distributors. It is also
15 possible to mount tires on wheels with a minimum of
16 investment on simple equipment which you see at thousands of
17 mom and pop tire stores around the country. But the initial
18 costs are much higher for the high speed assembly lines
19 needed to assemble sufficient volumes so that per-unit costs
20 remain economical for large consumers like OEs.

21 There are also issues on expertise and liability
22 in mounting tires for on-road use that OEs look to
23 assemblers for, as well as the economies of purchasing much
24 higher volumes of tires and wheels that assemblers can
25 reach.

1 Many of our OE customers are essentially assembly
2 operations that buy all the various trailer parks from
3 different suppliers and only do the final assembly. The
4 ability to purchase assembled tires and wheels from us fits
5 with their operations. We also sell some tires and wheels
6 separately into the aftermarket, though the majority of our
7 aftermarket sales are also assemblies.

8 We purchase wheels from Dexstar, from Chinese
9 manufacturers, and from other import sources. While I'd
10 like to be able to purchase all my wheels from Dexstar, my
11 competitors make that impossible. I simply can't pay more
12 for my wheels than my competitors are and expect to pass
13 that additional cost on to my OE and aftermarket customers.
14 They will simply go to my competitors who are offering
15 Chinese wheels in their assemblies at much lower prices.

16 During the Period of Investigation, 2015 through
17 June 2018, some sizes of steel trailer wheels have been
18 entirely sourced from China despite Dexstar's manufacture of
19 comparable sizes. For example, ATW doesn't buy any 12- or
20 13-inch wheels from Dexstar. There is just too large of a
21 price gap between what Dexstar can sell them to me for and
22 the prices my competitors and I can get on Chinese wheels.
23 I cannot afford to use Dexstar wheels in any of my 12- and
24 13-inch assemblies on many of my larger assemblies.

25 Even though Dexstar is a sister company to ATW, I

1 still have to expect them to be market competitive. Every
2 one of our competitors is buying wheels from Chinese
3 producers. To be competitive with other assemblers, I need
4 to be paying competitive prices. ATW is not constrained to
5 buy from only Dexstar, regardless of our relationship with
6 them.

7 As our importer questionnaire shows, we import a
8 lot of steel trailer wheels. While I would like to be able
9 to buy more from Dexstar because of their quality and their
10 responsiveness to our needs, we can't. The much lower
11 prices Chinese producers offer us and other U.S. assemblers
12 result in large parts of the market being served by the
13 Chinese.

14 The Chinese producers are simply the
15 price-setters in the U.S. steel trailer wheel market. And
16 because they have so much of the volume going into the
17 market, all of their competitors have to meet their prices
18 or lose out.

19 My estimate is that we sell 70 percent to OE and
20 30 percent to aftermarket. I believe that same split would
21 be representative of the U.S. market as a whole. We and
22 other U.S. assemblers sell both Dexstar and Chinese wheels
23 into both the OE and aftermarket in the United States.

24 Overall, the market for towables that drives the
25 demand for our assemblies and ultimately the demand for

1 steel trailer wheels, have been up in recent years. The RV
2 market has been particularly up as the economy has improved.

3 Our market has outpaced the general economy. ATW
4 sales have also grown over that period. U.S. import
5 statistics show growing imports during the period. But as
6 Jeff Pizzola has testified, Dexstar has not been able to
7 participate in the improved market situation, meaning U.S.
8 producers are suffering lost market share and declining
9 volume even in a growing market.

10 In understand that the scope of the Petition
11 covers wheels entered with the tire mounted to the wheel,
12 but then only covering the wheel. Such imports would come
13 in under different tariff categories than steel trailer
14 wheels. While I would be surprised if there was significant
15 volume of such assemblies at the present time, I am also
16 aware that recently one of our competitors has brought in
17 some assemblies of tires and wheels from China.

18 I am also aware of other OE customers and some
19 U.S. assemblers who are at least looking at doing the same
20 thing and shifting assembly offshore. So the issue could be
21 more important by the time of any final injury
22 investigation.

23 Through my time at Dexstar and through ATW's
24 continued relationship with Dexstar, both under the ADI
25 group and as a customer, I am well aware of the injury that

1 imported steel wheels from China have caused to Dexstar.

2 I have first-hand experience as a customer for
3 steel wheels on the struggle between wanting to be able to
4 support a quality company like Dexstar and the business
5 reality that I cannot afford to pay more for my wheels than
6 my competitors do.

7 I believe that if Chinese imports are forced to
8 be rationally priced in the U.S. market, Dexstar will be
9 able to compete profitably with any other producer anywhere.
10 Therefore, I join with my colleagues from Dexstar in asking
11 the Commission to make an affirmative preliminary injury
12 determination.

13 Thank you for the opportunity to speak with you
14 today. I will be pleased to respond to any questions.

15 STATEMENT OF TERENCE STEWART

16 MR. STEWART: Mr. Thomsen, this is Terence
17 Stewart again. Before concluding our direct presentation,
18 we wanted to go through the information contained in the
19 Petition and questionnaire responses against the statutory
20 issues the Commission will be addressing in making its
21 preliminary injury determination on a more formal basis, and
22 doing that in a PowerPoint presentation, which you have in
23 front of you and which has been I believe put on the table
24 for the other participants.

25 First, we will be quickly reviewing seven topics

1 relevant to the Commission's consideration in these
2 investigations. We'll start with the scope, as we believe
3 they will be initiated by Commerce, and review the question
4 of what should be the domestic like-product in this
5 preliminary investigation.

6 We will then address conditions of competition
7 before turning to the volume of subject imports, adverse
8 price effects experienced by the domestic industry, and the
9 impact of the subject imports on the domestic industry.

10 We will then briefly address threat of material
11 injury.

12 On scope, the Petition has identified the scope
13 of imports from China that are of concern to the Petitioner
14 as being steel trailer wheels, 12- to 16-1/2 inches in
15 diameter, and parts thereof. These wheels are used on
16 trailers and other towable equipment, including utility
17 trailers, cargo trailers, horse trailers, boat trailers,
18 recreational trailers, and towable mobile homes.

19 The imported wheels of concern are subject to DOT
20 and TSA requirements, and are required to be marked with
21 various information, though the marking can occur
22 post-importation and before sale.

23 Scope covers all coatings of steel wheels other
24 than chrome, and includes wheels entered with a tire mounted
25 on it, and when such a situation only the wheel is covered.

1 Scope covers components--i.e., the rim and center
2 disk--entered separately and whether finished or not. On
3 this slide, you will see the first two rows are a series of
4 steel trailer wheels of different sizes and with different
5 center disk looks. Many of those you will see on the table,
6 as well.

7 The lower left picture is of a rim. We have a
8 rim on the table, as well. Rims are largely used in
9 constructing wheels, but also are sold as is to mobile home
10 producers who mount the rim on the wheel hub with the tire,
11 and obviously the scope will include wheels of any color.

12 The next slide gives you an example, if you're
13 always like me kind of interested in what these things
14 actually get used on, here's a number of the types of
15 trailers on which these wheels get used. You have an RV
16 trailer in the upper left, a boat trailer in the upper
17 right, a utility trailer in the lower left, and a cargo
18 trailer in the lower right of that picture.

19 The scope only covers steel wheels of a nominal
20 diameter of 12- to 16-1/2 inches. Thus, steel wheels of
21 other sizes are not covered by the scope, nor are steel
22 wheels used with tube-type tires. Chrome-coated steel
23 wheels are not covered, nor are aluminum wheels, or steel
24 wheels for off-the-road or passenger vehicle and
25 light-truck uses.

1 Turning to the domestic like-product, the
2 Commission is tasked with determining what is the domestic
3 product that is like the imported product under
4 investigation. The Commission examines six factors in
5 considering what product should be viewed as "like."

6 Physical characteristics and end uses is one
7 factor. Interchangeability is second. Channels of
8 distribution a third. Manufacturing facilities, production
9 processes, and employees a fourth. Producer and customer
10 perceptions are fifth. And price can be a sixth.

11 Petitioner believes that the Commission should
12 preliminarily find that the domestic like product is
13 co-extensive with the scope of the investigations. There
14 are differences in physical characteristics for many of the
15 potential additional wheel products, as this slide briefly
16 reviews. For some possible other wheels, interchangeability
17 even of identical diameter wheels is not possible, while for
18 some interchangeability for identical sizes would be.

19 Channels of distribution will differ at least in
20 significant part for some of the categories of wheels. The
21 manufacturing facilities, production processes, and
22 employees are generally distinct for steel trailer wheels
23 from all other wheel groups.

24 Producer and customer perceptions will differ for
25 certain wheel types, and will vary in part for trailer

1 wheels of aluminum and chrome coating.

2 Finally, for other trailer wheels than those
3 covered by the scope, prices are generally significantly
4 higher--for example, two to three times as high for
5 aluminum, and two times as high or more for chrome.

6 For all these reasons, Petitioner submits that
7 the Commission should preliminarily find that the domestic
8 like product is co-extensive with the scope.

9 On the domestic industry. To Dexstar's knowledge
10 there are only two domestic producers of steel trailer
11 wheels, Dexstar and American Wheel Corporation. As is
12 apparent from Dexstar's questionnaire response, while
13 Dexstar imports from China some product, it's primary focus
14 is on domestic production, importing simply to try to remain
15 competitive and is in relatively small quantities.

16 Thus, Dexstar does not believe that the
17 Commission should find appropriate circumstances to exclude
18 any domestic producer from the domestic industry in this
19 case.

20 Conditions of competition. We heard this morning
21 the number of, quote/unquote, "conditions of competition"
22 the other side believes should be looked at. We're going to
23 address here four, and they are: demand, supply,
24 substitutability, and the role of 232 and 301 remedies as
25 they may extend to steel wheels or to the input products.

1 First on demand. Demand for steel trailer wheels
2 is a derived demand based largely on demand in the market
3 for trailers, RV equipment, and mobile homes, with some
4 portion of demand also based on replacement needs for
5 equipment in the marketplace.

6 During the 2015-June 2018 time period, demand has
7 been growing for the end products, which has meant overall
8 growth in the demand for steel wheels, as the Petition
9 shows, and we believe the questionnaire responses will
10 confirm. Because wheels are a relatively small portion of
11 the cost of a trailer or RV or mobile home, demand is
12 believed to be very inelastic to any change up or down on
13 prices for steel wheels. On the supply side, as reviewed in
14 the Petition and in Dexstar's U.S. Producer Questionnaire
15 response, Dexstar has significant unused capacity. You
16 heard they are currently operating at one, and at a part of
17 a second shift where they have historically operated at
18 three shifts. And so there is a lot of excess capacity in
19 the domestic industry.

20 Thus, the domestic industry has the ability to
21 significantly increase supply if orders increase for
22 domestic product. Similarly, the Chinese industry has many
23 producers of steel trailer wheels. While there is not
24 public data on Chinese exports of steel trailer wheels, the
25 large number of Chinese producers, their dominance of the

1 U.S. market, and significant increases in shipments to the
2 U.S. over the Period of Investigation suggests the ability
3 to expand exports for the U.S. significantly, although
4 there's not much market left for them to capture. Because
5 the Chinese producers dominate the U.S. market, it is not
6 surprising that their product would be viewed as comparable
7 to U.S. product on nearly all factors and lower on price.

8 Dexstar as you've heard has some advantages.
9 They're closer to the customer geographically, have shorter
10 lead times, can accept smaller quantity orders and can offer
11 technical assistance. However, the overwhelming
12 consideration by purchasers choosing between companies whose
13 products are all viewed as meeting customer quality needs is
14 price. Some customers shift supply, supplier for as low as
15 ten cents a wheel.

16 The Commission in other cases has viewed the
17 existence in statutory remedies being in place as a
18 condition of competition. Steel trailer wheels are not
19 subject to the Section 232 action by the administration on
20 steel. While Dexstar buys domestic steel, there are
21 indirect effects of 232 tariffs on steel prices in the
22 U.S., and domestic steel prices have continued to increase
23 since 232 relief was introduced, so some part of the interim
24 cost increases in 2018 are likely due to 232 relief.

25 For Dexstar, the big concern is not the price of

1 steel, which historically has been characterized by
2 movements up and down for various reasons, but rather the
3 inability to raise prices to reflect rising steel cost.
4 This inability is directly due to the low prices from China,
5 which effectively prevent full price recovery, as our
6 questionnaire response shows in terms of operating results,
7 particularly in the interim period.

8 The President's 301 actions have not to date
9 resulted in any additional duties on steel trailer wheels,
10 though some such action could occur in the future. Thus,
11 today it is not possible to identify any effects of the 301
12 action on this particular market.

13 Turning to volume of imports, whether examined
14 on a quantity or value basis, subject imports based on U.S.
15 import statistics are large absolutely, more than 87 million
16 in 2017 under the one category, and more than 50 million
17 kilograms in 2017 on a volume basis, and increased
18 significantly over the Period of Investigation as the slide
19 shows.

20 In 2017, imports from China were more than 95
21 percent of total imports, so there's no negligibility issue,
22 95 versus 3. One would say that they're not negligible. As
23 the confidential information in our petition demonstrates,
24 based on Dexstar's data and U.S. import statistics, subject
25 imports increased their share of apparent consumption and

1 increased relative to domestic production over the time
2 period.

3 On adverse price effects, the Commission
4 considers whether there is price underselling and whether
5 imports otherwise depress or suppress prices. In the
6 petition and in questionnaire response of Dexstar, the
7 Petitioners reviewed the price underselling and price
8 depression and suppression experience during the Period of
9 Investigation.

10 Those facts have been confirmed today in the
11 testimony of the Dexstar witnesses and their related party
12 customer, and there's very little surprise that the
13 questionnaires look at the assembler OE portion of the
14 market, since that's been estimated by the ATW witness to be
15 roughly 70 percent or more of the total market.

16 The Commission often looks at either OE or
17 aftermarket, but not both, simply because of the data
18 collection limitation that it chooses to impose. However,
19 our prices have fluctuated during the Period of
20 Investigation, declining from 2015 to 2016 and then
21 increasing regularly from 2016 to the present.

22 Chinese prices continue to undersell Dexstar and
23 are preventing Dexstar from being able to recover fully cost
24 increases as reflected in the first half of 2018 U.S.
25 producer questionnaire response, a situation that is only

1 worsening in the third quarter of this year, where steel
2 prices are roughly twice what they were maybe a year and a
3 half ago.

4 Thus, the domestic industry has faced
5 significant price underselling and significant price
6 depression/suppression during the Period of Investigation.

7 Turning to the impact on the domestic industry,
8 despite demand having increased over the POI, Dexstar and
9 the industry have faced contraction and a wide array of
10 factors the Commission examines in its preliminary
11 investigation. Production of wheel shipments, capacity
12 utilization, number of production workers, hours worked,
13 capital expenditures all declined during the Period of
14 Investigation, and the operating results were plainly
15 unsustainable throughout the period.

16 The condition of the domestic industry is
17 directly due to the rising presence of large volumes of
18 subject imports, the serious underselling and price
19 suppression that the industry has experienced. For all
20 these reasons the Commission should render an affirmative
21 preliminary determination in these investigations, that
22 there is a reasonable indication that the domestic industry
23 producing steel trailer wheels is materially injured by
24 reason of allegedly dumped and subsidized imports of such
25 wheels from China.

1 Lastly, turning to threat of material injury,
2 while the Commission should not need to reach the question
3 of whether there is a reasonable indication that the
4 domestic industry is threatened with material injury,
5 nonetheless if it chooses to do so, it needs to look beyond
6 the issue.

7 The petition reviews why there's also a basis
8 for a preliminary finding of threat. Specifically, the
9 countervailing duty petition identifies a host of export
10 subsidies that are believed used by Chinese producers of
11 steel trailer wheels. As can be seen from the huge market
12 share, Chinese producers already hold in the U.S. market
13 that Chinese industry must be heavily export-oriented.

14 There are a large number of producers and the
15 U.S. market is believed to be an attractive market
16 price-wise for Chinese exporters. Again, you have better
17 information from your questionnaire responses, but that is
18 also witnessed by the huge market share that the Chinese
19 already hold in the U.S. market.

20 Moreover, Chinese imports are entering at prices
21 that are likely to have a depressing effect on domestic
22 prices as the first half 2018 operating income and
23 cost-price squeeze attest. In looking at the overall
24 condition of the domestic industry, we would submit that the
25 industry is clearly vulnerable to injury from increased

1 imports from China.

2 For all these reasons, if the Commission goes
3 beyond the existence of material injury, it should find that
4 the preliminary record supports a finding there's a
5 reasonable indication of a threat of material injury to the
6 domestic industry. Thank you, Mr. Thomsen. That concludes
7 our direct presentation.

8 MR. THOMSEN: Thank you Mr. Stewart and the rest
9 of the witnesses that have presented testimony here this
10 morning. It looks like we have about ten minutes before we
11 will hit our break, so I will turn it over to our first
12 member of staff, who is Jordan Harriman. Mr. Harriman.

13 MR. HARRIMAN: Thank you. This is Jordan
14 Harriman. Thank you again to the panel for being here this
15 morning and for giving your testimony. A couple of quick
16 questions as well concerning data issues. You know, we're
17 aware of two numbers here, the one ending in 5035, the other
18 ending in 5030, I'm sorry, 5059.

19 I know the petition explicitly states that the
20 wheels imported under 5035 may include chrome wheels. To
21 the best of your knowledge, is that the extent of out of
22 scope product that may have been to that number, or is there
23 other --

24 MR. STEWART: It is our belief that that is the,
25 you know, you seldom have an HTS category that is

1 size-specific, use-specific, which we happen to have. So
2 this is a steel trader wheels, 12 to 60-1/2 inches. So it's
3 a little hard for me to understand what would be in it other
4 than possibly a coating such as chrome that is not, that is
5 specifically excluded.

6 So we believe the only thing that would be
7 excluded from that would be any imports of chrome steel
8 wheels.

9 MR. HARRIMAN: Okay, thank you. And then for
10 the other number 5059, the wheels with tires. That may be
11 the possibility of out of scope merchandise. That number
12 would probably be a little bit broader, because it's not as
13 dimension-specific as the other number. That's my
14 understanding?

15 MR. STEWART: Yes. That was our understanding.
16 It's also the case, I believe, that in your questionnaire,
17 you have sought from importers information as to what HTS
18 number they may have used, if they brought anything in that
19 way.

20 MR. HARRIMAN: Right, okay. Great, thank you.
21 And then either in this forum or in your briefs, if you have
22 any comment about whether the Commission should evaluate,
23 you know, through official import statistics or through
24 questionnaire data and coverage, feel free to comment on
25 that.

1 MR. STEWART: Yeah. We will provide that in
2 post-hearing. We believe that under either, under either
3 analysis, that the basic thrust of Petitioner's statement
4 here today that there have been rising imports, an industry
5 that's being hurt, will be confirmed.

6 But we will specifically address which we
7 believe is the better data set because you have not only the
8 steel wheels, but also the wheels that may come in with the
9 tires mounted upon them. And it may be the case that the
10 import data would or importer data would be better data for
11 that.

12 MR. HARRIMAN: Thank you. I'm going to switch
13 gears a little bit. I'm going to ask about our
14 questionnaire asks for a response to whether wheels produced
15 are cladded or coated. I was curious, I have general
16 question to solve with, and maybe a specific -- a more
17 specific question to follow up with. But do -- in your
18 view, is there differences between those terms? Are there
19 specific definitions for those terms?

20 MR. PIZZOLA: No, we don't believe there's any
21 difference in those terms.

22 MR. HARRIMAN: I've seen --

23 MR. BISHOP: Could you please identify yourself?

24 MR. PIZZOLA: Sorry, Jeff Pizzola.

25 MR. HARRIMAN: And my more specific follow-up,

1 you can confirm or disagree with my knowledge of this. I've
2 seen, just online I've seen cladded wheels referred to.
3 I've seen descriptions of cladded wheels, which are wheel
4 with like a plastic coating applied to them, like a plastic
5 covering applied to them essentially.

6 I don't know if that's relevant to this
7 particular topic, but is that something that is a relevant
8 definition or concern here?

9 MR. PIZZOLA: This is Jeff Pizzola again. No,
10 we have not -- that's not a relevant part of this case.

11 MR. HARRIMAN: Okay, thanks. All right. I have
12 several questions related to the structure of these various
13 companies, and I appreciate Mr. Pizzola and Ms. Picard, you
14 have addressed that a little bit for us already with your
15 testimony. But just to confirm Mr. Pizzola,
16 you identified sort of several divisions that are involved
17 in this product. That's the extent of the divisions under
18 Americana Development that are involved?

19 MR. PIZZOLA: Those are the three divisions that
20 are directly involved with the scope product, that would
21 sell scope product.

22 MR. HARRIMAN: And I know you mentioned -- I
23 think you mentioned in your testimony that you, in your role
24 you oversee Dexstar and these other firms, and that you have
25 a final say on capital expenditures. Are there other -- can

1 you detail anything more about decisions that you reserve
2 for yourself with ADI, versus decisions that Dexstar or the
3 other divisions can make independently?

4 MR. PIZZOLA: Well certainly I'm involved --
5 this is Jeff Pizzola again. Certainly I'm involved in every
6 aspect of the operating companies that I manage. Primarily,
7 from an oversight perspective I think direction on R&D and
8 technology. I would be involved with capital investment,
9 where to place our capital investments. I would be involved
10 with that.

11 Certainly senior management decisions and
12 overall direction, as study industry trends overall
13 direction and where we would want to go next steps with
14 growth of the company.

15 MR. HARRIMAN: Okay, thank you. Okay, and then
16 if you can talk about this here or maybe in your brief. Is
17 there -- are there other companies at ADIs, at Americana
18 Development's level that are involved in this product, or is
19 it simply Americana, you know, from Kenda to Americana
20 Development through these different subsidiaries?

21 MR. PIZZOLA: This is Jeff Pizzola again. The
22 three or the four subsidiaries including Dexstar are the
23 four that are specifically involved with the sale of the
24 scope product.

25 MR. HARRIMAN: Okay, great.

1 MR. PIZZOLA: Yeah. The other division
2 manufacture other product, but it's outside the scope.

3 MR. HARRIMAN: Okay, thank you. We have a
4 couple of minutes left. I'll just end with one question
5 that maybe my colleagues will follow up with. But it would
6 be interesting to hear a little bit more detail on the
7 composition of the after-market.

8 We were told, you know, a certain percentage was
9 the after-market, but it would be interesting to know about
10 more whether that after-market is dominated by, you know,
11 big box retailers versus online sellers, smaller
12 distributors that are specialists.

13 MR. SAMPSON: This is Jerry Sampson. I can
14 respond to that question. The aftermarket is primarily made
15 up of -- there are some online distributors that sell this
16 product online, some big box retailers, as well as some of
17 our large OE accounts have their aftermarket arm or reach,
18 if you will, that they sell through their stores.

19 So the make-up of the aftermarket is all of
20 those types of big box, online retail, some aftermarket,
21 market-specific like the marine boat industry, cargo trailer
22 industry. They have their own aftermarket stores that they
23 reach into.

24 MR. HARRIMAN: Okay. I appreciate that. I may
25 follow up later, but I will end my questions there for now.

1 Thanks again for being here.

2 MR. THOMSEN: Thank you very much, Mr. Harriman.
3 Actually, as we are about one minute until 10:45, I think
4 this is a natural place for us to break. We will resume
5 after the Commission's vote.

6 MR. BISHOP: We stand in recess until
7 immediately following the vote. Thank you.

8 MS. BELLAMY: Will the room please come to
9 order?

10 (Pause.)

11 MR. THOMSEN: Welcome back Mr. Stewart and the
12 witnesses today. We will resume questioning with Moses Song
13 from the Office of Investigations.

14 MR. SONG: Hello. My name is Moses. Thanks for
15 coming here and taking your time to explain things, making
16 things more clearer. I have three questions. Those are
17 relatively short. One is are you aware of any -- are you
18 aware of any exporting countries to the U.S. for subject
19 merchandise other than the import data suggests?

20 MR. STEWART: I believe that the data indicates
21 both Korea and Taiwan are countries that export the product
22 besides China. I'm not sure that we, I don't think we know
23 of any other countries at the moment.

24 MR. SONG: So as an industry, do you feel that
25 -- this is a follow-up question, those countries negligible

1 compared to the imports from the PRC?

2 MR. STEWART: Well, U.S. import statistics at
3 the moment on just the wheels indicate that China has over
4 95 percent of total imports. We know that there's some
5 significant capacity in the other countries, and there has
6 been growing imports from both of those countries.

7 So if the question is would imports from Korea
8 or Taiwan be negligible under the statute if they were
9 re-investigated, I think for one of them they would be,
10 since the two together account for less than five percent.
11 But they do have significant capacity.

12 MR. SONG: Thank you. Second question is are
13 you aware of any other AD-CVD proceedings from other
14 countries for the merchandise under investigation?

15 MR. STEWART: The answer is that we are not, in
16 terms of cases that we have seen. We do know that there
17 have been various steel wheel cases around the world, and
18 they cover in some cases different size ranges. So I can't,
19 I can't say that we have gone back and looked at every
20 country that may have a steel wheel case, to see if there
21 might be some part that might be viewed as covered by this.

22 MR. SONG: Thank you. My last question so that
23 discs and the rims are part of the scope description. Are
24 those discs and rims, can they be used for production of
25 non-subject merchandise, e.g. passenger vehicles?

1 MR. STEWART: Our understanding is no, but let
2 me ask the industry people.

3 MR. SAMPSON: This is Jerry Sampson. In nearly
4 all cases, no. The discs and rim bands that are
5 manufactured for trailer rim are not interchangeable into
6 the passenger car or light truck market.

7 MR. SONG: Thank you.

8 MR. THOMSEN: Thank you, Mr. Song. Let me turn
9 now to Henry Smith and the Office of General Counsel.

10 MR. SMITH: Hello, this is Henry Smith and thank
11 you all for being here today. I'd like to start by talking
12 about domestic like product. Mr. Oglesby, you talked a
13 little bit about the differences between the rims for mobile
14 trailer homes and other rims. Could you elaborate on that a
15 little more?

16 MR. OGLESBY: The mobile home rims are a single
17 use item. We produce it on the same equipment and it has
18 the same profile. We can use the same band or rim as it
19 were. We can actually put a different insertion to it and
20 actually use it for different applications. So it's
21 interchangeable. The bands are interchangeable.

22 MR. SMITH: Okay. Is there any difference at
23 all in manufacturing process, like with painting or anything
24 like that?

25 MR. OGLESBY: None whatsoever.

1 MR. SMITH: Okay. Do customers receive rims for
2 mobile homes as different than other kinds of rims?

3 MR. OGLESBY: With the mobile home rims being
4 DOT regulated, just like the standard rims we use for
5 trailer wheels, I don't think they're interpreted being any
6 different, just the cost.

7 MR. SMITH: Okay, all right. Well, I request
8 that in the post-conference brief, if you could go through
9 the domestic like product factors with respect to mobile
10 home rims and just clarify whether that's a separate like
11 product or not. I'd like to next talk about the domestic
12 industry.

13 MR. STEWART: We'll be pleased to do that, Mr.
14 Smith.

15 MR. SMITH: Okay, thank you. Also in the
16 post-conference brief, if you could just go through whether
17 there are any domestic producer related parties, and whether
18 they could be excluded from the domestic industry, because I
19 understand that probably involves some confidential
20 information.

21 MR. STEWART: Yeah. The answer, the answer is,
22 as I stated in my opening or in the PowerPoint presentation,
23 that Dexstar would be in all likelihood under the law viewed
24 as a related party, and under your related party criteria
25 you have to make a decision whether they should be excluded,

1 and we don't believe that circumstances justify that in this
2 situation.

3 MR. SMITH: Okay.

4 MR. STEWART: The only other domestic producer
5 is the American Wheel Corporation up in Chicago, and as you
6 would have seen in the petition from the confidential
7 information that they submitted, I don't believe -- we
8 don't know enough about them to know whether there's any
9 related party situation there, and if there were to be and
10 they were to be excluded, we don't believe it would make any
11 difference in your analysis.

12 MR. SMITH: Okay. Well, in the post-conference
13 with respect to Dexstar, if you could provide your argument
14 for why they shouldn't be excluded in --

15 MR. STEWART: Of course, we will do that.

16 MR. SMITH: All right. I'd also like to know a
17 little more about the assemblers, and specifically are
18 assemblers in the United States taking in scope rims and
19 welding in scope discs? Is that something that's going on
20 in the U.S.?

21 MR. STEWART: No. That is not -- that is not
22 what our knowledge of any of the assemblers is. What the
23 assemblers are doing is they are taking wheels, and if
24 they're selling to the mobile home industry, they would be
25 taking rims and adding a tire to it, tire and a valve, where

1 they may import -- they may import the wheel with a valve
2 already on it.

3 But so they're basically doing that next step
4 assembly process, and then sending an assembled product of
5 tire and wheel onto an OEM. But Mr. Sampson can clarify if
6 I have misstated that.

7 MR. SAMPSON: It's properly stated. Thank you.

8 MR. SMITH: Okay. So there's no assemblers in
9 the U.S. that are taking discs and welding them to rims?

10 MR. STEWART: I believe you have the answer to
11 that question from a review of your questionnaires that have
12 come in, as you have -- as we had stated in the petition,
13 most assemblers are also importers, and we believe that you
14 have questionnaire responses in from a large number of
15 importers. So you specifically asked that question in your
16 questionnaire.

17 So our understanding from my clients'
18 perspective is no, that nobody's doing that, but you can
19 confirm or get clarification on that from what's in the
20 confidential record, and we'll certainly put something in
21 our post-conference if there's something to add.

22 MR. SMITH: I guess in the post-conference if
23 you could add a little more information on if importers are
24 doing that, it will kind of -- to the extent you have this
25 information, what kind of value added they're adding to the

1 product when they do that assembly of the discs and the
2 rims.

3 MR. STEWART: We can certainly provide the
4 information as to what ATWs' additional value is between the
5 components that they buy and the value that they add to it.

6 MR. SMITH: Okay, very good. Okay. The last
7 question I have is with respect to Section 301 tariffs. Now
8 I know you said that steel wheels are on the list that's
9 being considered. There's no tariffs that have been imposed
10 yet, the Section 301 tariffs. If you can provide some
11 documentation on the record with respect to the fact that
12 they're on the list and whether there's been any efforts to
13 exclude steel wheels from the Section 301 tariff list?

14 MR. STEWART: There have been -- a number of the
15 people who will be appearing later today have appeared in
16 opposition to having those products included on that list.
17 So I'm sure they can address that directly, and we'll be
18 more than happy to provide either the entire list or the
19 relevant portion of the list that shows that they are a part
20 of what has been proposed to be included.

21 MR. SMITH: And if they are included, if the
22 tariffs are imposed, you could comment here or in your
23 post-conference brief about what the Commission should
24 consider in terms of the effect on the domestic industry.

25 MR. STEWART: Yeah. For purposes of the prelim,

1 it is -- in our view it is a premature issue.

2 MR. SMITH: Okay.

3 MR. STEWART: If it were to be applied, arguably
4 it would be a condition of competition that you would look
5 at in the context of a final investigation, assuming that
6 the case gets to a final investigation. That's what you
7 have done with safeguards and what you've done with 232 and
8 other cases. My understanding is that the Commission has
9 been looking at those as conditions of competition.

10 It's the reason that we raised it in our
11 PowerPoint, as one of the conditions of competition that we
12 assumed the Commission would want to look at along with the
13 232, which obviously affects the input costs indirectly in
14 our case. But the 301 would affect the price of product
15 from China if it were to be imposed.

16 MR. SMITH: Okay, all right. Well that
17 concludes my questions, and thank you all for your time
18 again.

19 MR. THOMSEN: Let's now turn to our economist,
20 Aimee Larsen.

21 MS. LARSEN: Good morning, Aimee Larsen. I want
22 to thank the panel for the testimony earlier this morning.
23 I want to start with a couple of questions about the
24 purchasers. So the OEM versus the aftermarket, do OEMs
25 purchase different types of trailer wheels than the trailer

1 wheels that are sold to the aftermarket?

2 MR. SAMPSON: This is Jerry Sampson. No,
3 they're identical.

4 MS. LARSEN: Okay. So the same specs. Are the
5 sales terms the same, or do the purchasers have different --
6 an OEM purchaser have different requirements that they
7 request --

8 MR. SAMPSON: This is Jerry Sampson. No, in
9 most cases there will be no differences.

10 MS. LARSEN: Okay, and then do the OEMs purchase
11 trailer wheels as stand-alones before they've been assembled
12 with a valve and tire? Are they always purchasing through
13 an assembler?

14 MR. SAMPSON: Jerry Sampson again. Very, very
15 rarely will an OEM purchase a wheel by itself.

16 MS. LARSEN: Okay.

17 MR. SAMPSON: It doesn't say that they don't do
18 it on occasion, you know, in a situation where they might
19 run across a defect, if you will, in their line process.
20 They may bring a wheel in to replace it.

21 MS. LARSEN: And then the same for the
22 aftermarket. The aftermarket, are they purchasing just the
23 trailer wheels or are they often already installed with a
24 valve and a tire?

25 MR. SAMPSON: They will purchase both, trailer

1 wheels alone, tires alone. As a consumer comes into a
2 dealer or an aftermarket store, they are there to purchase
3 either a tire or a wheel, or in some cases an assembly. So
4 most aftermarket distributors, dealers, will offer both,
5 okay, or all three really, a wheel, a tire or an assembly.

6 MS. LARSEN: Okay, and even at the big box
7 stores, they'll also do that?

8 MR. SAMPSON: Yes.

9 MS. LARSEN: Okay. Let's see. Warranties. Ms.
10 Bowen, you mentioned that. What kind of warranties are
11 offered on trailer wheels?

12 MS. BOWEN: Sorry. We have a two year warranty
13 that covers the all manufacturers defects on our wheels. So
14 we take care of those immediately, anything that comes up.

15 MS. LARSEN: And that those are usually
16 warranties that you're offering to assemblers, right, or is
17 it to the final end user?

18 MS. BOWEN: Both, both. Whoever needs some
19 help, if they have an issue with their wheel, if they have
20 anything, they hit a curb, they need a new wheel, something.
21 We always try to help them, anything warranty-related.

22 MS. LARSEN: And your competitors, the
23 importers, are they also offering warranties do you know?

24 MS. BOWEN: To my knowledge, I'm not aware. I
25 don't -- I don't know their warranty policies.

1 MS. LARSEN: This is just -- it's a new industry
2 for me. So are there any quality differences --

3 MR. STEWART: Ms. Larsen, would you like Mr.
4 Sampson, who also buys imports, to perhaps comment on the
5 warranty issue?

6 MS. LARSEN: Absolutely, that would be great.

7 MR. SAMPSON: Hi Ms. Larsen. Jerry Sampson
8 again. Because at ATW we purchase wheels from Dexstar, so
9 we're aware of their warranty process. Our Chinese
10 suppliers that we purchase wheels from, they do offer a
11 warranty. It's very similar in workmanship and that sort of
12 thing.

13 Because of the geographic differences, sometimes
14 it's difficult to get a warranty taken care of. But you
15 know, warranty activity from both parties has been, I mean
16 very, very minimal.

17 MS. LARSEN: Okay, and as an assembler, do you
18 offer a warranty to your final end customers or to the OEMs
19 that you sell to?

20 MR. SAMPSON: Yes. We offer -- it's kind of a
21 two-pronged warranty. But on the wheel piece of it, we
22 extend the manufacturer's warranty to the consumer.

23 MS. LARSEN: Wonderful, thank you. As I was
24 saying, this might be a naive question, but is there any
25 kind of quality differences in the trailer wheels that are

1 used in the different types of trailers that you guys have
2 outlined, the boat trailers, the horse trailers, utility
3 trailers? Are the wheels, the specs for the wheels besides
4 the size, is there any other differences?

5 MR. SAMPSON: This is Jerry Sampson again. No,
6 there are no differences, yeah.

7 MS. LARSEN: Okay. Are there particular
8 characteristics that might lead to very drastic differences
9 in quality and price, even given the same basic
10 characteristic?

11 MR. SAMPSON: Jerry Sampson again. No. You
12 know, we view the product that we -- whether we get it from
13 Dexstar or from one of our exporters offshore as an equal,
14 you know, an equal product. I mean they have to meet the
15 government requirements and standards, you know, via DOT and
16 NHTSA.

17 So as long as they meet those requirements and
18 the markings are proper, etcetera, we view them basically as
19 a like product.

20 MR. STEWART: Ms. Larsen, if I could -- this is
21 Terry Stewart. If I could just add a couple of comments.
22 You asked about are there, are there differences? I think
23 if you were to talk to the boat folks, they would tell you
24 that they have a higher concern about corrosion, and so
25 galvanized wheel or the Galvstar product that Dexstar has

1 developed is designed to address those needs.

2 So you're going to have -- you can have the
3 environment in which the product is operating in, which may
4 lead to either what you want certain types of coatings. You
5 also obviously have things which are more vanity types of
6 issues or people like a certain look. But that is, that is
7 not performance-driven, whereas the corrosion resistance
8 would be a kind of performance characteristic.

9 Similarly, the discussion on rims that are used
10 in mobile homes, you have both. So I have tried to learn
11 about this industry. You have the one-time use rims, which
12 is -- and you have the mountable rims. But on a one-time
13 use rim, you can understand that corrosion resistance would
14 not be a big concern, since all you're going to do is move a
15 mobile home some place, and yet -- and you can't reuse the
16 rim at that point in time.

17 So you can have those types of differences. But
18 what Mr. Sampson was talking about is that the products, the
19 product assortments are the same, and the customers will buy
20 them based upon what their particular needs are.

21 MS. LARSEN: Okay, and just for the record,
22 there's no weights. Like the trailer, utility trailer when
23 it needs a tire or a wheel that had like a heavier/lighter
24 metal, and the weights are not an issue in this case, right?

25 MR. SAMPSON: This is Jerry Sampson. To clarify

1 your question a little bit, there is -- with an OEM
2 manufacturer, for example, they use bearing weight load
3 axles, okay. So there are some regulations or requirements
4 in place that the wheel or tire and wheel assembly that is
5 used in that particular application has to meet a certain
6 load characteristic, load-carrying characteristic.

7 MS. LARSEN: But purchasers aren't interested in
8 getting the lightest wheel in this use, versus like a
9 passenger tire or that actually matters?

10 MR. SAMPSON: No, no, no.

11 MS. LARSEN: Okay. I have a couple of questions
12 regarding the pricing products. We heard very briefly
13 Respondents mentioning the pricing products in their opening
14 statements. How well do you believe that pricing products
15 capture the competition in the market?

16 MR. STEWART: Well, looking at Dexstar's sales
17 volumes, we believe that they capture -- we had proposed
18 more products and had proposed both OE or assembler and
19 aftermarket, but understanding the limitations going after
20 the four products that were there, those are four important
21 products in the marketplace.

22 The assembler place of the market is the, as was
23 said, is the biggest piece of the -- is the biggest piece of
24 the market. So we think that they're representative. As
25 Mr. Sampson testified, obviously there is competition with

1 offshore product, not only between Dexstar and unrelated
2 purchasers, but also with related purchasers because they
3 are looking for a competitive price from Dexstar, and they
4 will often go to China for product if they -- if Dexstar
5 cannot meet the price.

6 So we think you have good pricing information
7 and a good reach, and while we understand while our
8 opponents will try to identify a series of quote-unquote
9 "conditions of competition" to say that there's no
10 competition in this market, that's a different world than
11 our client is living in.

12 MS. LARSEN: Thank you. To the best you can
13 address this here, and maybe it might be better addressed in
14 the post-conference brief, but there appears to be a wide
15 price fluctuation among inter-firm pricing data in a single
16 pricing product, in all four products. I heard today
17 testimony of a ten cent difference, and I am definitely
18 seeing price variations among firms that are much, much
19 larger than that.

20 What factors or specs could be affecting these
21 prices? Why am I seeing such large variations?

22 MR. STEWART: Let me -- let me start on that
23 before you hear from people who actually know what they're
24 talking about. In the -- in the assembler situation, you
25 heard from Ms. Bowen that there's the possibility that

1 someone will come in with an expedited need. A delivery
2 isn't being made from an offshore supplier. Is there a
3 possibility of filling the product in in a short order, so
4 that they're not short of product that they need to send to
5 their customers.

6 In those types of situation you would expect
7 that if you're trying to accommodate somebody on a very
8 short order, your prices are probably going to be higher,
9 all right. It is also the case that prices for most
10 customers will vary based on the volume you're buying. If
11 you're buying 10,000 a month, you're going to get a lower
12 price than if you're buying 50 a month. That's no different
13 than what you or I would face if we went out to any kind of
14 a store and we're trying to buy on a quantity basis.

15 So I think you have some of that. I think in
16 some instances where I know that you sent questions to one
17 of the ADI divisions, the issue also had to do with if there
18 was an unusual event such as a return say on an imported
19 product, that dramatically affected the overall value. If
20 you had a defect in the product, you might have a quarter
21 where you would have an aberrational kind of price.

22 Lastly, if you take a look at the Midwest
23 hot-rolled steel price, you will see that over this Period
24 of Investigation you started I think at five to six hundred
25 dollars a metric ton. You went down to under \$400 a metric

1 ton, and it's gone up over \$900 a metric ton. So you've had
2 a huge swing in terms of raw material costs.

3 So anybody who is trying to price to be able to
4 recover their costs, you would expect that there would be a
5 fair amount of price volatility.

6 MS. LARSEN: Does the type of coating have --
7 the pricing products as defined are, regardless of coating,
8 does the type of coating have an impact on price?

9 MR. SAMPSON: This is Jerry Sampson. On a
10 painted wheel, no. There would be no difference. Obviously
11 to a galvanized finish, there's a higher coat cost. But in
12 those two instances, that would be the only difference. So
13 galvanized, because of the process, the type of coating it
14 is, etcetera, is higher cost than a standard e-coat, powder
15 coat paint wheel.

16 MS. LARSEN: And the galvanized wheel, can that
17 be applied to all the sizes, or is there a specific size
18 that are used --

19 MR. SAMPSON: No, it's not size-specific. It
20 can be applied to anything.

21 MS. LARSEN: Okay. One last question about the
22 raw materials that you just brought up. Does Dexstar
23 purchase their raw materials on long-term/short-term
24 contracts? I don't know if you want to speak about it here.

25 MR. PIZZOLA: This is Jeff Pizzola. Yes, we try

1 to buy strategically throughout the year, and we will make
2 long-term steel buys.

3 MS. LARSEN: Okay, and then are those contracts,
4 they have -- can you renegotiate the prices, or are they
5 fixed prices?

6 MR. PIZZOLA: No, they're fixed prices. Once we
7 make the commitment, that's the price.

8 MS. LARSEN: Okay, thank you. Let me
9 double-check to make sure I have asked all the questions
10 that I have before I turn to my colleague. I think that's
11 it. Thank you very much.

12 MR. THOMSEN: Thank you, Ms. Larsen. I'll now
13 turn to Mr. Yost, one of our accountant auditors.

14 MR. YOST: Good morning, Charles Yost, Office of
15 Investigations. Just to follow up immediately on that last
16 question, do you -- in your sales contracts, do you have the
17 ability to pass on steel price increases, or is this
18 something that you can't accomplish because of competition?

19 MR. PIZZOLA: Generally in this market, no we
20 cannot pass on price increases at the time steel changes.
21 So we will perhaps establish a price and the assemblers will
22 then quote that price to their OEM customers for a model
23 year. So sometimes it's very difficult to raise that price.

24 MR. YOST: Okay. Prior to the Period of
25 Investigation, did you have sales contracts where, for

1 example, you could increase the price if steel prices went
2 up?

3 MR. PIZZOLA: No, again, it's very consistent.
4 Once we quote a price, it's very difficult for the assembler
5 to go back to the OEM and raise the price.

6 MR. YOST: Okay. Just to follow up on a question
7 that was asked earlier regarding corporate relationships, if
8 I can -- what I understand is, Kenda Rubber Industrial
9 Company, Ltd., is the ultimate parent?

10 MR. PIZZOLA: That's correct.

11 MR. YOST: Okay. And the American sub is
12 American Kenda Rubber Industrial Company, Ltd.?

13 MR. PIZZOLA: Yes, correct.

14 MR. YOST: Okay. And then Americana Development
15 is a subsidiary or a division of that?

16 MR. PIZZOLA: That's correct.

17 MR. YOST: The sub or a division?

18 MR. PIZZOLA: It's a wholly-owned subsidiary of
19 American Kenda Rubber.

20 MR. YOST: Okay. And then Americana Development
21 has four divisions?

22 MR. PIZZOLA: There are several divisions within
23 Americana. There are four that relate to the specific scope
24 product.

25 MR. YOST: Okay. And then Dexstar is one

1 division of Americana Development. American Tire and Wheel
2 is another, again staying with the subject product, Monitor
3 Manufacturing and Martin Wheel. We've heard from American
4 Tire and Wheel. What are these other two, Monitor and
5 Martin Wheel, do?

6 MR. PIZZOLA: Both of those divisions are
7 primarily in a different market segment. They will be
8 focused on the lawn and garden market more than the trailer
9 market. They're included in this because they do have one
10 or several customers that would buy scope product, so
11 they're included. So Dexstar -- they would essentially
12 purchase their wheels from either Dexstar or an import
13 source. But their primary focus is a market outside of the
14 scope product.

15 MR. YOST: So what? Larger wheels or even
16 smaller wheels?

17 MR. PIZZOLA: Mostly smaller wheels.

18 MR. YOST: Smaller than --

19 MR. PIZZOLA: A different manufacturing process.
20 It's a stamping process, versus a roll-forming process.

21 MR. YOST: Okay.

22 MR. PIZZOLA: And non-DOT rated product also.

23 MR. YOST: Okay. Moving on, is there a business
24 cycle to this industry?

25 MR. SAMPSON: Yes. There's a couple of different

1 markets that we play into: the RV market for example, the
2 boat trailer or marine market, the cargo market. And all
3 three of those markets have their unique seasonalities if
4 you will. In the RV market, and I might turn to my
5 colleague to my left here to talk a little bit about the RV
6 market seasonality, John Wright.

7 MR. WRIGHT: For the most part, each of those
8 industries will have a model year. That model year may not
9 be tied to the calendar year. So seasonality might be one
10 way one to put it, but another way is it's just a model
11 year.

12 So the RV industry generally runs from Spring to
13 Spring. Cargo trailer business would be more along the
14 calendar year. Marine market actually introduces product in
15 the late Summer, early Fall, for the next year. So that's
16 when you make changes to prices and products.

17 MR. YOST: Have they all been sort of trending up
18 over the last two years?

19 MR. WRIGHT: Yes. They have been trending for
20 the last, since the economy has been gaining strength, each
21 of those recreational or, in some cases, business markets
22 have grown.

23 MR. YOST: Have other end-user industries been
24 showing different trends from the three that you just talked
25 about?

1 MR. WRIGHT: We haven't seen any downturn, so I
2 would say all are growing from utility trailers up through
3 the recreational trailers. I haven't seen any downturns.

4 MR. YOST: So we should be seeing increasing
5 apparent consumption?

6 MR. WRIGHT: Correct.

7 MR. YOST: Okay. Would you characterize this
8 industry as capital-intensive? Or not?

9 MR. PIZZOLA: It's very capital-intensive. The
10 equipment at Dexstar is very expensive equipment. And very
11 expensive to maintain.

12 MR. YOST: What would be the entry cost? For
13 example, if I wanted to start up a new tire manufacturing,
14 or rather a wheel manufacturing facility.

15 MR. PIZZOLA: Likely over ten million dollars.

16 MR. YOST: Over ten million? And the individual
17 pieces of equipment, do they vary considerably? I mean, I'm
18 looking at the wheel process map. Is the stamping and
19 forming much more expensive, say, than the pressing and
20 welding?

21 MR. PIZZOLA: The roll-forming equipment is
22 probably the most expensive piece of equipment, and that's
23 equipment where you essentially will take a sheet of steel
24 and form it into a hoop or a loop, and then you will
25 essentially perforate and bend that steel to form what is

1 considered the outer rim on these wheels.

2 The stamping process is essentially using a CNC
3 press, so again, you're pouring a flat sheet of steel
4 through a press, and you're stamping that center disk to
5 essentially into the shape of the center disc, including the
6 lug nut holes and the center punching that out of it. So
7 it's more common equipment than the roll-forming equipment
8 is, because it's used in multiple industries, including the
9 other operations we own, which have stamped product.

10 So it's, I would say, the buried entry in the
11 cost either that piece of the business is lower than the
12 roll-forming side.

13 MR. YOST: Okay. Typically, where would you have
14 a capital investment?

15 MR. PIZZOLA: The automation, first of all.
16 Secondly is, equipment wears down. You're bending steel, so
17 your bearings, your roll-forming equipment will start
18 wearing down, there'll be gaps in the manufacturing process.
19 It'll essentially allow that wheel to move as it goes
20 through the production process. So you constantly have to
21 go back and retool your equipment so you can maintain the
22 integrity of what you're trying to produce and within the
23 tolerances that you're required to have.

24 MR. YOST: Okay. Would that capital investment
25 be considered maintenance, general maintenance? Or is that

1 betterment and improvement?

2 MR. PIZZOLA: Over time, things like PLC
3 technology change, so you would improve in some aspects of
4 it. A lot of it is betterment and just strong maintenance
5 of equipment. A lot of it could be taking it to a more
6 automated, quicker process also.

7 MR. YOST: Okay. Just comparing the level of
8 capital investment, would it be normal to see that
9 depreciation would, for example, normally exceed capital
10 investment? Or capital expenditures?

11 MR. PIZZOLA: I don't believe that would be
12 normal. I think your depreciation is essentially to
13 represent the wear on that equipment. And as you amortize
14 the original cost, and so that, really that cost ought to be
15 reinvested in the equipment. The actual investment should
16 not be lower than that.

17 MR. YOST: I'm just -- it seems to me that they
18 come from two different bases. You're making an incremental
19 improvement in a piece of equipment that may be -- as
20 opposed to depreciation covering the entire factory.

21 MR. PIZZOLA: Yes, there would be two phases to
22 that. Improving the equipment and also general maintenance
23 of that equipment, so that you could maintain the
24 tolerances. You're making a DOT-rated rim, so you have
25 certain tolerances that you have to maintain. And so to do

1 that, you have to continue to maintain that equipment.

2 MR. YOST: For post-conference, could you provide
3 the capital expenditures for 2013 and '14, so we have a base
4 of reference with the period that we're looking at?

5 MR. PIZZOLA: Yes, we will.

6 MR. YOST: Okay. Could you also provide
7 post-conference, a more definitive description of where
8 you're cutting costs?

9 MR. PIZZOLA: Yes, we can do that.

10 MR. YOST: Okay. Have any companies exited this
11 industry in the last couple of years?

12 MR. PIZZOLA: We acquired the Dexstar operation
13 in 2004. That was following a bankruptcy of a previous
14 manufacturer in the United States, so we acquired the
15 company to essentially be able to source product.

16 MR. YOST: Okay, well, that was fourteen years
17 ago, so was Dexstar the only one in the industry? Aside
18 from the other one that's been talked about today?

19 MR. PIZZOLA: As far as we know, that was the
20 only one.

21 MR. YOST: Have any companies exited this
22 industry in the last several years?

23 MR. PIZZOLA: Not in the last several years.

24 MR. YOST: Okay. That concludes my questions for
25 this time. Thank you.

1 MR. THOMSEN: Thank you, Mr. Yost. Mr. Varela,
2 do you have any questions for this panel?

3 MR. VARELA: Actually, I do have one question,
4 just to jump in on capital expenditures. You mentioned that
5 capital expenditures had gone down the recent years, but you
6 also mentioned that you had made some changes in your
7 internal process to be more efficient.

8 Would you characterize that reduction of capital
9 expenditures is due to your efficiency in the process? Or
10 is it more directly to the injury for imports?

11 MR. PIZZOLA: The capital expenditures that we
12 did were primarily to try to take costs out of the wheel.
13 As we talked about steel pricing earlier, steel prices
14 fluctuate, so it's very difficult for us to raise price. We
15 try to raise price, but essentially if we do that, many
16 times we'll lose the business.

17 So the capital expenditures that we have made and
18 continue to try to consider, are expenditures that will
19 essentially try to take costs out of the wheel, so we're
20 trying to create a more efficient manufacturing process, and
21 take costs out of our labor and out of our material costs
22 and that general process itself.

23 MR. VARELA: All right, thank you. That will be
24 all for me.

25 MR. THOMSEN: Thank you, Mr. Varela. Ms.

1 Lawrence?

2 MS. LAWRENCE: Good morning. I'm gonna direct
3 most of my questions towards the manufacturing process, so
4 Mr. Oglesby, Mr. Pizzola, I'll direct it towards you, but
5 please, anyone chime in if you have anything to add.

6 Firstly, you talked about when you were looking
7 at the process map that you provided that the welding the
8 disk to the rim is potentially a non-automated process. Are
9 there other parts of the production process that are not
10 automated?

11 MR. OGLESBY: Most of the process is automated.
12 The rim lines are automated to a point. Transportation
13 within the facility is forklift-driven of course, but the
14 actual process of the equipment is automated. Our weld line
15 is, our paint line is as well.

16 MS. LAWRENCE: Okay, thank you. And then, please
17 correct me if I misunderstood, but you said that the raw
18 material steel coil that you receive is of a specific width
19 and thickness. So you don't do any cutting or anything?
20 It's really reforming those into the rims?

21 MR. OGLESBY: They come into a given width and
22 thickness for the hoop that we are making for the wheel
23 thickness or the wheel we're actually making. It comes in
24 to a predetermined width and thickness. And we just cut it
25 to a given length.

1 MS. LAWRENCE: I see. So you would cut the rim
2 to a given length and then, also, then stamp the disk to the
3 specific diameter?

4 MR. OGLESBY: Correct. Per the design
5 requirements of our customer.

6 MS. LAWRENCE: Okay. Does the U.S. producers use
7 both carbon and the high-strength low alloyed steel in both?

8 MR. OGLESBY: Yes.

9 MS. LAWRENCE: And if the disk is made from one
10 type of steel, would you use a rim, the same type of steel
11 or can that be interchanged?

12 MR. OGLESBY: We try to use both. We try to keep
13 high-strength with high-strength. We try to keep it
14 together. I believe there are instances that we do have
15 that.

16 MS. LAWRENCE: Okay. So it's possible to combine
17 the steel type, but in general you use the same for both
18 parts, okay. So when you have the two different components,
19 the mobile home industry purchases just the rim that does
20 not have the disk. Do you sell just rims or just disks to
21 anyone else? Or that really just the mobile homes?

22 MR. OGLESBY: No. Not at all.

23 MS. LAWRENCE: Okay. The scope includes both
24 hub- and stud-piloted wheels. Can you talk a little bit
25 about these different mounting configurations?

1 MR. SAMPSON: It's amazing how many times I've
2 explained this. So I'll be glad to explain it to you.
3 Steel trailer wheels or even aluminum--but they're outside
4 the scope--but steel trailer wheels are very typically what
5 they call stud-piloted. And passenger car wheels and light
6 truck are very typically hub-piloted.

7 Now, what that means is, in the case of trailer
8 wheels that are stud-piloted, is you have a round
9 configuration item. And there are tolerances on the
10 diameter and the geometry of that wheel that have to be in a
11 configuration like that, you typically have to center on
12 something, okay, so that you have something round, not
13 oblong. And in the case of trailer wheels, they use a --
14 it's a circle around your stud holes that is the driver to
15 the outer diameters, thus stud-piloted, okay?

16 In the case of passenger car wheels, the best way
17 to describe it is if you've ever gone into a tire shop and
18 seen a balance assembly, they'll put it on a balancing
19 machine and they'll screw a cone down into the center hole.
20 Well, that's because that wheel is designed or manufactured
21 to center around the center of that hole. And so the cone
22 centers it, and then they can get a good balancing process.

23 What's interesting in the case of trailer wheels
24 is consumers will, at times, will have run into this a
25 number of times, where consumers will take a trailer wheel

1 assembly into a tire shop and say hey, my tire or my wheel
2 is out of balance. Would you balance it for me? And many
3 tire shops are not aware of this distinction between
4 stud-piloted and hub-piloted.

5 And you really can't balance a trailer tire and
6 wheel on a passenger car balancing device, unless you have a
7 special adapter that centers on that stud diameter. If they
8 try to balance using the conical process, that they're using
9 passenger car tires, they likely will either not get it to
10 balance or they'll get some false indications that the thing
11 is even out of balance to begin with.

12 So in a nutshell, Ms. Lawrence, is that
13 stud-piloted is very common to the trailer world. And it's
14 the, if you look at the diameter through the stud holes,
15 it's centered on that center hole, okay. And in the case of
16 hub-piloted, it's centered in the center pilot hole. Does
17 that explain it for you?

18 MS. LAWRENCE: Yes, thank you. So it's possible
19 then that some trailer wheels would be hub-piloted, is that
20 right? If it's common stud-piloted, but it is still
21 possible that there could be some that are the hub?

22 MR. SAMPSON: Only in some larger size trailer
23 wheels that are really outside of the scope of this
24 petition.

25 MS. LAWRENCE: Okay.

1 MR. SAMPSON: You have some light truck wheels or
2 specialty wheels that can be either hub- or stud-piloted.
3 But those are very special use applications. But the
4 normal, the 12- to 16-1/2" range, they, by and large, will
5 be stud-piloted.

6 MS. LAWRENCE: Okay. Is there a different
7 manufacturing process to do the hub-piloted on the rare
8 occasion? Or is that -- do you even make those really at
9 all?

10 MR. OGLESBY: No, we do not make any passenger
11 car tires or light truck rims in our facility at all.

12 MS. LAWRENCE: Okay, and I have a few questions
13 about the coating process. So looks like once you have the
14 wheel, the first step is that it's washed and then on the
15 map it mentions phosphate. Can you describe what that is?

16 MR. OGLESBY: It's a phosphate dip process that
17 we put the phosphate on there before the e-coat. We
18 actually take it and it's a phosphate dip. It goes on prior
19 to our painting process.

20 MS. LAWRENCE: Okay. And is that an industry
21 standard?

22 MR. OGLESBY: I believe it is, yes.

23 MS. LAWRENCE: Okay. You mentioned that
24 galvanizing was for additional corrosion resistance. Are
25 there any other reasons why a customer might choose to

1 purchase the galvanized versus the paint powder-coated?

2 MR. SAMPSON: Galvanized is obviously intended
3 for higher corrosion resistance than what you would get from
4 a painted wheel. I can't imagine that there would be, other
5 than this corrosion resistance capability, any reason why
6 consumer customer OEM would want a galvanized wheel, other
7 than perhaps aesthetic look or whatever.

8 But you know, the galvanized wheel, these look
9 pretty pristine. But it doesn't take long for them to even
10 start changing color and everything. So they become ugly.

11 MS. LAWRENCE: And that kind of leads into my
12 next question with painting and different colors, that
13 occurs during the paint-coated process, not a galvanized
14 process, correct?

15 MR. SAMPSON: Yes, that's correct.

16 MS. LAWRENCE: Okay. And adding that color
17 change during the paint coating process, does that change
18 the manufacturing process? You just add a little bit of
19 paint color and it's the same thing otherwise? Or how does
20 that work?

21 MR. SAMPSON: Ms. Lawrence, let me explain it a
22 little bit. The galvanized process is a completely
23 different type process than a painting process first of all.
24 Galvanizing process is typically what they call a hot-dip
25 galvanized, which you're actually dipping the entire wheel

1 into a bath of zinc. And then there's some electrolysis
2 involved and some meshing at the molecular level of the
3 zinc coating to the base metal.

4 In the paint process, you know, the wheel has
5 been e-coat primered, if you will, and then it goes through
6 a powder-coat paint process, where actually a powder-paint
7 is sprayed onto the wheel and then it goes to an oven
8 process which cures the paint, if you will, onto the wheel.

9 So those are very distinct process differences,
10 but in the case of painted wheel, you know, you're only
11 limited by the powder paint colors that are available in the
12 market, so you know, Dexstar has the ability to paint
13 virtually any color of the rainbow, if you will, on a
14 painted wheel.

15 MR. OGLESBY: We paint whatever color a person
16 may want. And with the new Galvstar wheel that we're doing,
17 we actually have the process that extends the corrosion
18 resistance with doing the e-coat in the process and then
19 painting over it, which is the Galvstar.

20 So in doing that, we provide that corrosion
21 resistance. But if you wanted a wheel in sky blue, we can
22 paint that in sky blue in the same process. The cost
23 doesn't change. We just change the colors and paint it that
24 color.

25 MS. LAWRENCE: I see. Okay. Thank you for

1 clarifying that.

2 I have a couple questions about sort of industry
3 standards. Though I know that there are standardized sizes,
4 are there also standard weight of the wheel?

5 MR. SAMPSON: Not to my knowledge.

6 MS. LAWRENCE: No? Okay. And there's not been
7 any sort of movement to make the wheels lighter for any fuel
8 efficiency reasons or otherwise?

9 MR. SAMPSON: None that I'm aware of, no.

10 MS. LAWRENCE: No? Okay. I also have a
11 question about the DOT certification stamping. So when does
12 that occur in the production process or is the process
13 certified and therefore the wheel is certified; how does
14 that work?

15 MR. OGLESBY: We have an independent testing lab
16 that periodically send our wheels to, to have them tested,
17 that provided our DOT certification. They test them against
18 the certain specs and they provide us the feedback and gives
19 us our testing data on the amount of radials, compression,
20 everything. We understand that and we just keep that
21 process ongoing and we inspect constantly within our
22 facility at every stage, rolling all the way through paint
23 to make sure we meet those specs.

24 MS. LAWRENCE: Okay. And then the physical
25 stamp itself when is that added to the wheel?

1 MR. OGLESBY: If you see the stamps on the
2 wheels, we actually stamp those when we cut the bands
3 themselves. We actually have a date stamp that we put on it
4 so we know actually the size and everything that goes with
5 it as well.

6 MS. LAWRENCE: Okay, thanks. So because they're
7 on the bands and it's on the mobile home rim to begin with
8 at the same time.

9 MR. OLGESBY: Correct.

10 MS. LAWRENCE: Perfect. Okay, thank you.

11 And my last question, Mr. Pizzola, you mentioned
12 moving some outsourced processes back to in house. What
13 parts of the production process are outsourced to other
14 businesses? You also mentioned tolling agreement you have
15 for galvanization. Anything else or is everything else
16 really done in house?

17 MR. PIZZOLA: The biggest item we would've moved
18 in house would be the stamping of the center disk. So
19 previously, we would've outsourced that product to another
20 stamper and now we've invested in the pressers and the
21 transfer tooling and the dyes to be able to stamp that in
22 house, which has taken some cost out of our center disk.

23 MS. LAWRENCE: Okay, excellent. Thank you.
24 That concludes my questions.

25 MR. THOMSEN: Mr. Yost would like to ask one

1 quick follow up.

2 MR. YOST: Sorry, I just have one quick follow
3 up.

4 You just said that you moved that process back
5 in house. Has that happened recently; could you give us an
6 approximate date?

7 MR. PIZZOLA: That happened probably four, five,
8 six years ago we moved that in house.

9 MR. YOST: Okay, so that's outside or before our
10 period of investigation and we wouldn't see, necessarily,
11 any changes in costs because of that.

12 MR. PIZZOLA: No, that was prior to that
13 investigation period.

14 MR. YOST: Okay. Thank you very much for the
15 clarification.

16 MR. PIZZOLA: You're welcome.

17 MR. THOMSEN: Thank you very much. I have a few
18 more questions that I'd like to ask the witnesses here. I'm
19 actually going to start with Mr. Sampson here. Do you sell
20 the aluminum trailer wheels as well?

21 MR. SAMPSON: Yes, we do.

22 MR. THOMSEN: And how large is the aluminum
23 trailer wheel market and what type of growth has it seen
24 over the last few years?

25 MR. SAMPSON: It's growing considerably. I'm

1 going to defer to my colleague, John Wright, here to kind of
2 give you a more detailed explanation on that.

3 MR. WRIGHT: The use of aluminum has grown
4 because of styling -- strictly because of styling. It
5 obviously functions in the same fashion as the steel wheel,
6 carries the same tire, but there has been more concern with
7 salability of a trailer, so if we make it look a little
8 snazzier, we can put aluminum wheels on it.

9 The percentage of aluminum compared to steel I
10 believe steel still exceeds aluminum. I don't have the
11 exact numbers from an industry standpoint and each industry
12 will be different, whether it's the boat industry, cargo
13 trailer industry it's still very low. Recreational vehicle
14 industry it's probably at 50/50. Like I said, cargo trailer
15 it's probably 10 or 15 percent aluminum. Boat trailer
16 industry the vast majority is still steel wheels, so steel
17 is still the largest users, but aluminum is growing fairly
18 quickly.

19 MR. THOMSEN: Okay. And with the growth of
20 steel is it -- is aluminum growing faster than steel is
21 growing so it's getting some of steel's market share?

22 MR. WRIGHT: I would say that they've stayed
23 somewhat proportional as the just overall growth of the
24 markets steel wheels have grown as well. Aluminum may have
25 picked up another 3 to 5 percent of the overall market

1 share. Again, I don't have exact statistics, just antidotal
2 evidence.

3 MR. THOMSEN: Sure, okay. Well, thank you for
4 that, Mr. Wright.

5 You noted that there were a few different end
6 use segments here with the cargo trailers and utility
7 trailers. Are there specific sizes or types of wheels that
8 are sold to the different segments?

9 MR. SAMPSON: Kind of a yes and no answer. Let
10 me address the marine -- the boat trailer industry, for
11 example. They tend to migrate to like a 14-inch, some
12 15-inch, so it's very focused in those size ranges. Now
13 that doesn't mean they won't have smaller boat trailers that
14 use smaller wheels and some larger wheels, but it's very
15 heavily focused in that 14, 15-inch range.

16 The cargo trailer is very heavy to the 15-inch
17 and 16-inch, okay, depending on the cargo weight
18 characteristics. You know there will be some heavier-load
19 cargo trailers that will go to the 16-inch, but there are
20 also even in that market -- like if you go to your Big Box
21 stores and you see the little cargo trailers they sell on
22 their lot those will typically use 12, 13, some 14-inch, but
23 very focused on the smaller diameter.

24 And then, in the RV markets, even though it's
25 turning more and more heavily towards aluminum for style

1 reasons, it again is very strong in the 15-inch and 16-inch.

2 MR. THOMSEN: Okay, thank you for that.

3 I think I'm going to turn to a couple questions
4 for Mr. Oglesby. I guess one thing is -- one of my
5 questions is actually spurn by your exhibits that you have
6 here. I note that one of them has some striping on it and
7 you noted that part of the painting process may include hand
8 painting those stripes on the whites. And whereas, most of
9 this production process seems automated, this process would
10 seem to be rather labor intensive.

11 MR. OGLESBY: It is labor intensive. We do that
12 if we have -- let's say we had some black wheels recently
13 that wanted hand striping, that wanted specific colors. So
14 we were able to move that and put it on our hand striper to
15 allow us to do the 144 pieces, I believe it was, of custom
16 colors. So we can adapt. If you call in and place an order
17 of 144 wheels or 72 wheels or whatever you order and you
18 want a specific color let's say to match a trailer -- to
19 match a product line that you're doing we can adapt to it.

20 Normally, 99 percent of the time we run it
21 through our automotive process. I use that as a backup. So
22 if I have to do maintenance, I can shift accordingly while
23 I'm doing maintenance so I don't lose that hour of
24 production. I can shift over and still keep running a
25 little bit and then go back.

1 MR. THOMSEN: Okay.

2 MR. SAMPSON: Excuse me. This is Jerry Sampson.

3 Can I --

4 MR. THOMSEN: Sure.

5 MR. SAMPSON: I don't want to interrupt Ray --
6 Mr. Oglesby. This is Jerry Sampson. The primary area where
7 they do their striping, as we call it, is an automated
8 process.

9 MR. THOMSEN: Okay.

10 MR. SAMPSON: So they do hand process on low
11 volume, specialty color, et cetera, but they have a very,
12 very automated striping process internally at Dexstar.

13 MR. THOMSEN: Okay. And are there different
14 prices for ones with striped or is it the same as any other
15 painted product?

16 MR. SAMPSON: No, there are typically -- it'll
17 be a few cents up charge for the striping. And I even get
18 that on my import wheels. If I get wheels from my import
19 suppliers or my Chinese suppliers' striped wheels have an up
20 charge for the striping.

21 MR. THOMSEN: And is that a few cents per pound
22 or is that a few cents per unit?

23 MR. SAMPSON: Per unit.

24 MR. THOMSEN: Per wheel, okay.

25 MR. SAMPSON: Yes.

1 MR. THOMSEN: Changing now to the mobile home
2 market and the rims, we have heard testimony about these and
3 I'm not sure how large a market this is, so what share of
4 the trailer wheel market is accountable for by these rims
5 for mobile homes? You know, whereas, most of these wheels,
6 presumably, would have more than one use, except for what
7 you're saying for these rims. Do you sell a lot of these
8 rims because they are only one-use products, Ms. Bowen?

9 MS. BOWEN: Mobile home rims I can sell a lot of
10 them. Truckloads and truckloads can go out. How much the
11 percentage is in the overall industry that would probably be
12 something I'm not quite familiar with. When I run mobile
13 home rims, I can sell as many as I can make really quickly.
14 They go very fast. How many I may, though, I could --
15 generally, when I do orders for mobile homes they will give
16 me orders of 100,000 units and then I will extend that over
17 several months and I will deliver each month as I need done,
18 but I deal with two major players as far as the mobile homes
19 go and they both order the same way. Generally, they give
20 me orders for 100,000 units and that'll carry me for four to
21 six months.

22 MR. THOMSEN: Mr. Pizzola?

23 MR. PIZZOLA: I'm sorry. This is Jeff Pizzola.
24 I just wanted to add one comment to Patty. The mobile home
25 market is like the trailer market. It is very, very price

1 sensitive. So, though, we have customers that would like to
2 buy mobile home product from us, we essentially have to get
3 to the import price to be able to sell those to them --
4 those mobile homes -- or they'll just import them.

5 MR. THOMSEN: Okay.

6 MR. HOWELL: If you're looking for that kind of
7 information, I believe we do have schedules that we can
8 provide to you post-conference. We do have some of the
9 analyses on the exact size of the aluminum versus the steel
10 versus chrome, and in this case versus aluminum.

11 MR. THOMSEN: That would be wonderful. Thank
12 you very much. Actually, my next question sort of goes in
13 that same direction, I was thinking about the 12 and 13-inch
14 wheels that Mr. Sampson had said that he's not purchasing.
15 He is importing instead. And I just had the thought if it's
16 too expensive for a sister company I wondered if Dexstar has
17 been able to sell to anyone these 12 and 13-inch wheels.

18 MR. SAMPSON: No. We're generally selling those
19 when the import product doesn't arrive timely we'll get a
20 call from an assembler who will say can you ship us these
21 urgently, but we sell very few of those.

22 MR. THOMSEN: So they're a very limited run
23 product in that case I'd assume.

24 MR. SAMPSON: Very limited run product. We have
25 the tooling to make that. We just can't utilize that

1 tooling. The import cost of those wheels is essentially at
2 our material cost.

3 MR. THOMSEN: Okay. And thinking about RVs now,
4 with Elkhart, Indiana being the epicenter of the RV industry
5 in the United States is it also a major production area for
6 the other different types of trailers that use the subject
7 trailer wheels.

8 MR. WRIGHT: Obviously, the RV industry is
9 centered in Elkhart County, Indiana. There is also a large
10 presence of the cargo trailer, the enclosed trailer business
11 and some market for the marine boat trailer business;
12 although, that's not significant. So it would be pretty
13 limited to the cargo trailer or enclosed trailer business as
14 well as the recreational vehicle.

15 MR. THOMSEN: Okay. Do you know if competitors
16 maintain inventories in Elkhart, Indiana as well?

17 MR. WRIGHT: Competitors -- assemblers, yes.

18 MR. THOMSEN: Assemblers, but also competitors
19 in terms of other -- say Chinese --

20 MR. WRIGHT: I'm not aware of any inventories,
21 except at assemblers.

22 MR. THOMSEN: Okay. Mr. Pizzola, it looks like
23 you were wanting to answer that question as well.

24 MR. PIZZOLA: I'm sorry. No. I just wanted to
25 affirm that, that as far as we know there are no import

1 companies that maintain inventory in Elkhart and most of the
2 inventory there is with the assemblers that are located
3 there.

4 MR. THOMSEN: Okay. And Mr. Wright, you almost
5 hit on what I was going to say. Were there other centers of
6 production of other types of trailers within the United
7 States? For example, are boat trailer manufacturers
8 typically located on the coasts and does Dexstar maintain
9 inventories then on the east coast and west coast close to
10 those manufacturing centers or assembling centers?

11 MR. WRIGHT: The concentration of the RV
12 industry is quite unique. Obviously, we sell to other --
13 you know being located primarily in Elkhart County, Indiana,
14 but there are concentrations or islands of others. There's
15 certainly a large boat trailer presence in the Springfield,
16 Missouri area. And as far as Dexstar keeping stock there,
17 they do through assemblers that we have. There are
18 assemblers located near Springfield, including Americana
19 Tire Division where the Dexstar wheel is available.

20 MR. THOMSEN: Okay. And are those wheels
21 already sold or are they maintained on a consignment basis?

22 MR. WRIGHT: They're purchased by Americana Tire
23 and Wheel as an assembler.

24 MR. THOMSEN: Okay.

25 MR. WRIGHT: And any other assembler that may

1 want to buy from Dexstar.

2 MR. THOMSEN: Okay. And I only have one further
3 question. I'll direct it to you, Mr. Stewart, as for
4 something either here or in the post-conference brief.

5 Would you be able to inform staff what
6 percentage of Dexstar sales are to related assemblers,
7 unrelated assemblers, OEMs, and if these shares have changed
8 since 2015.

9 MR. STEWART: The answer is yes. Much of that
10 is already in the questionnaire response, but we will
11 provide it post-conference.

12 MR. THOMSEN: Okay, great. Thank you. I have
13 no further questions. I'll look to my colleagues to see if
14 they have any further follow-up questions.

15 Okay, seeing none, I wanted to thank you all for
16 your testimony for this panel. Looking at the time, it
17 looks like it is 10 after 12:00. Why don't we reconvene at
18 10 after 1:00 o'clock for the second panel? Thank you
19 again.

20 (Whereupon, at 12:10 p.m., a luncheon recess was
21 had to reconvene at 1:10 p.m., this same day.)

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AFTERNOON SESSION

MS. BELLAMY: Will the room please come to order.

MR. THOMSEN: Good afternoon and welcome to this afternoon's panel on steel trailer wheels from China. We can launch right into your direct testimony if you would like.

STATEMENT OF TING-TING KAO

MR. KAO: Thank you. Good afternoon, again I'm Ting-Ting Kao with White and Case, counsel to Zhejiang Jingu. We have several witnesses this afternoon who will provide testimony regarding the steel trailer wheel market, particularly with respect to conditions of competition.

I would like to provide a brief overview of the conditions that the Commission should keep in mind when reviewing the facts. First, there's a lack of head-to-head competition to the assembly-OEM segment because Americana, of which Dexstar is a related division, is itself an assembler.

The U.S. market for steel trailer wheels can be categorized into two primary segments -- the assembly/OEM market and the retail aftermarket. Dexstar is integrated with Americana which is an assembler. As a competitor, Dexstar is not a viable option -- sourcing option for other independent assemblers.

Furthermore Dexstar has shown little interest in

1 selling to unaffiliated assemblers, even to those who
2 operate within the same county as Dexstar -- this, despite
3 Dexstar's assertion that assemblers are 70% of the market.

4 Second, non-price factors are a driving force in
5 purchasing decisions for U.S. purchasers. You'll hear from
6 several purchasers and an industry representative from the
7 R.B. Industry Association about the important role of
8 non-price factors when deciding who to purchase from.

9 In particular, U.S. purchasers take quality,
10 volume, geographic distribution capability and lead times
11 into consideration when making their purchasing decisions.
12 The record will show that the purchasers have experienced
13 difficulties with these non-priced factors when purchasing
14 from the domestic industry.

15 Finally, the size of the domestic industry,
16 relative to the much larger domestic demand for steel
17 trailer wheels, should be taken into account when looking at
18 the volume and market share data.

19 Due to the proprietary nature of this
20 information, we will not go into the specific numbers here.
21 But as you will hear from the witnesses today, the domestic
22 producer has limited capacity to meet their demands.

23 We ask that the Commission take these facts into
24 account when evaluating this case. And now I'll turn it
25 over to our first witness, Tim Miller, President of

1 Lionshead Specialty Tire and Wheel.

2 STATEMENT OF TIM MILLER

3 MR. MILLER: Good afternoon. My name is Tim
4 Miller and I am President of Lionshead Specialty Tire &
5 Wheel. Thank you for the opportunity to testify today. Our
6 company imports steel trailer wheels from China, and we
7 oppose the imposition of antidumping and countervailing
8 duties on these products.

9 Lionshead is a privately held and family-owned
10 business with headquarters in Goshen, Indiana and facilities
11 in Goshen, Indiana, Mountain Home, Idaho, Waxahachie, Texas,
12 Young America, Minnesota and Denton, North Carolina. Our
13 company employs over 130 people in the United States and
14 manufacturers and sells trailer components. For our
15 operations, we purchase the steel trailer wheels at issue in
16 this case.

17 Steel trailer wheels are specifically designed
18 for towable applications and are used in RVs and various
19 types of trailers, such as utility trailers, cargo trailers,
20 horse and boat trailers. Because steel wheels are
21 components of trailers that haul loads, the load ratings,
22 testing specifications, and lug nut patterns for trailer
23 wheels differ significantly from those for motor vehicle
24 wheels.

25 Marine trailers typically use wheels with

1 diameters ranging from 12 to 15 inches, while all other
2 trailers typically use wheels with diameters ranging from 14
3 to 16 inches. To my knowledge, the 14 inch to 16 inch
4 diameter trailer wheels account for the majority of
5 consumption in the United States.

6 The steel trailer wheel market can be divided
7 into two basic segments -- assembly/OEM and aftermarket.
8 Assemblers are companies that purchase steel trailer wheels
9 and mount them onto a tire and then sell the wheel-tire
10 assembly to trailer manufacturers. Most trailer OEMs
11 purchase wheel-tire assemblies rather than purchase trailer
12 wheels directly. Lionshead is an assembler. The
13 aftermarket includes wholesale tire companies and retail
14 outlets that purchase and sell steel wheels and we are less
15 active in the aftermarket.

16 The imposition of duties on imports of trailer
17 wheels from China would be very harmful to our business
18 because Chinese trailer wheels are essentially the only
19 option. Most U.S. wheel manufacturers abandoned the trailer
20 segment of this market years ago, and instead chose to
21 invest their resources in automotive, truck and other wheels
22 for motor vehicles which are sold in higher volumes than
23 steel trailer wheels.

24 Consequently the U.S. has very limited production
25 of steel trailer wheels.

1 The only steel trailer wheel manufacturer of any
2 significance in the United States is Dexstar, which has a
3 single plant located in Elkhart, Indiana. But even Dexstar
4 has a low production capacity for trailer wheels as compared
5 to the demand in the U.S.

6 The other U.S. producer identified in the
7 petition, American Wheel Corporation, is an even smaller
8 steel trailer wheel manufacturer than Dexstar. We rarely
9 see American Wheel in the market, if at all. American
10 Wheel's plant is located nearby in Chicago, yet they have
11 never solicited our business.

12 I do recall seeing American Wheel in some trade
13 literature at one point, but that is the extent of my prior
14 exposure to the company. After the petition was filed, I
15 checked their website to try to learn more about them and
16 noticed that their trailer wheels have a red use sticker.
17 Wheel stickers are a unique manufacturer indicator and I
18 have never seen wheels with the red label in circulation,
19 which also speaks to American Wheel's lack of activity in
20 the OEM marketplace.

21 I would like to now highlight three market
22 conditions for the Commission's benefit. First, Dexstar and
23 its related division, Americana is a direct competitor of
24 ours. As mentioned previously, we are an assembler, and
25 Americana is also an assembler.

1 We compete for business against Americana on a
2 regular basis. Although we would like to option to purchase
3 trailer wheels domestically, Dexstar is not a viable
4 supplier to us for several reasons. We cannot rely on
5 product from a company that competes with us for sales of
6 wheel-tire assemblies to RV and trailer OEMs. We risk
7 supply disruptions in buying from a company that may
8 prioritize sales to internal divisions over us.

9 Second, Dexstar's long lead time suggests that it
10 lacks the available production capacity to satisfy the
11 current demand for trailer wheels. For example, about ten
12 years ago, Lionshead purchased trailer wheels from Dexstar.
13 However, Dexstar stopped selling to us due to a lack of
14 capacity to meet our needs.

15 Since then Dexstar has not shown any recent
16 interest in our business. We are literally just a
17 fifteen-minute drive from their Elkhart facility, and yet
18 they have never called on us. We were actually the ones to
19 reach out to Dexstar some 3 or 4 years ago, but Dexstar told
20 us that their lead time was 6 weeks.

21 As a comparison, we are able to purchase steel
22 trailer wheels from China, which must be shipped from
23 half-way around the world, with the same 6 week lead time.
24 Based on our knowledge of steel trailer wheel manufacturing
25 processes, if a U.S. manufacturer has excess capacity, lead

1 time would be approximately 2 weeks.

2 This strongly suggests that Dexstar is running at
3 full capacity utilization, and has limited ability to
4 increase shipments of trailer wheels. Also, Dexstar's
5 website states that "Dexstar now has 3 shifts working around
6 the clock to keep up with the demand of our customers,"
7 which is a further indication that the company has limited
8 excess capacity for trailer wheels.

9 Overall, we estimate that Dexstar accounts for
10 less than 5 percent of the U.S. steel trailer wheel market,
11 and has less than 100 employees.

12 Third, Dexstar lacks geographic reach. To
13 compete effectively for sales of steel wheels or wheel-tire
14 assemblies to trailer OEM's, it is important to have
15 multiple distribution points throughout the country in order
16 to provide timely delivery and keep freight costs to a
17 minimum.

18 Since Dexstar only has one production facility in
19 Elkhart, Indiana, it lacks the geographic reach necessary to
20 serve customers' needs throughout the United States. In
21 contrast, we have five distribution facilities throughout
22 the country. Other prominent U.S. assemblers like Trans
23 Texas Tire and Tredit, also have multiple distribution
24 points across the United States.

25 As mentioned earlier, we are located in Elkhart

1 County as well, 15 minutes away from Dexstar, but they have
2 not recently contacted us to pursue our steel wheel needs.

3 Outside of the U.S., only China has the
4 manufacturing capacity to satisfy the U.S. trailer wheel
5 market. Korea Wheel is the only third-country manufacturer
6 of note, but this company is still smaller than the main
7 Chinese manufacturers, and Korea Wheel has not solicited our
8 business. Overall, we have never considered third-country
9 suppliers to be a realistic option for steel trailer
10 wheels.

11 In contrast to U.S. and third-country wheel
12 producers, Chinese manufacturers have remained committed to
13 the trailer wheel market, and have the capacity and scale to
14 service the market. We buy trailer wheels primarily from
15 Jingu, because they offer the volumes of trailer wheels that
16 we need, and in the sizes that we need.

17 Jingu also operates high-quality production
18 facilities which we have visited on numerous occasions.
19 Other Chinese manufacturers of note include Xingmin and
20 Sunrise.

21 Trailer wheels are predominately made in China
22 and have bene for years. Without viable suppliers in the
23 U.S. or third countries, the imposition of trade barriers
24 against trailer wheels from China would be devastating for
25 Lionshead and our customers.

1 I would like to now talk about the increasing
2 demand for steel trailer wheels in the United States. U.S.
3 demand for steel trailer wheels has been driven in part, by
4 the substantial growth in the demand for RVs, which has
5 increased steadily over the past eight years and is expected
6 to grow.

7 For example, according to the RV Industry
8 Association, there was an increase of 15 percent of sales of
9 RVs in 2017, and sales are projected to continue increasing.
10 Two main factors are driving growth in demand for RVs in the
11 United States.

12 First, an increasing number of baby boomers are
13 purchasing RVs as they enter retirement. And Second, RVs
14 have been gaining popularity with millennials who are now
15 purchasing them in increasing numbers.

16 There's also been significant growth in the use
17 of other types of trailers, such as utility trailers, cargo
18 trailers, horse and marine trailers. This, in turn, has
19 also driven greater demand for steel trailer wheels -- both
20 for new trailers in construction and as replacement wheels
21 for trailers already in circulation.

22 The current and expected increase in U.S. demand
23 for steel trailer wheels cannot be met by U.S. and
24 third-country producers. We, and our customers, rely on a
25 dependable source of steel trailer wheels that meet safety

1 and quality standards. To the best of our knowledge,
2 Dexstar is operating at capacity and is not interested in
3 selling steel trailer wheels to us or other independent
4 assemblers in the market.

5 I ask that you take these factors into
6 consideration in your deliberations. Thank you for your
7 time today and I'm happy to answer your questions.

8 MS. KAO: Our next speaker is Amanda Walker from
9 Trans Texas Tire.

10 STATEMENT OF AMANDA LEE WALKER

11 MS. WALKER: Good afternoon, my name is Amanda
12 Lee Walker and I'm the Executive Vice President of Trans
13 Texas Tire, or TTT. Thank you for the opportunity to
14 present information for consideration by the Commission on
15 its investigation to the impact of steel trailer wheels from
16 China on Kenda's domestic subsidiary, Dexstar Wheel.

17 We import these towable wheels from China at our
18 four assembly facilities located in Texas, Missouri, Iowa,
19 and Georgia where we actually attach tires to approximately
20 70 percent of the imported wheels.

21 We purchase tires not only from China, but also
22 from Thailand, Vietnam and Malaysia. We sell approximately
23 70 percent of all these wheels to OEMs. We sell the
24 remaining 30 percent in the aftermarket. Our steel wheels
25 and tire wheel assemblies are sold under many product

1 trademarks -- Taskmaster, Intrada, Detexan, Contender,
2 Jaxxon, Premium Trailer, Pemberley and of course the Steel
3 Wheel, Archwheel.

4 As a bit of background, TTT is an American,
5 family owned company started by my mother and father in
6 1985. My father is here with me today. We currently employ
7 127 people in the United States at our assembly facilities.
8 38 of these jobs were created in the past 3 years. We
9 engaged 15 subcontractors in 2 states -- California and
10 Indiana.

11 Our four assembly distribution facilities have
12 semi-automated assembly lines. We also have two facilities
13 that are strictly for aftermarket distribution. These are
14 sought after careers we provide for material handlers,
15 supply chain experts, transportation managers, international
16 finance specialists and collaborative sales executives.

17 The average salary that we provide is \$52,000 a
18 year. These are jobs that represent the reality of the
19 current framework of international trade in the steel wheel
20 industry as it has evolved over the past two decades.

21 We have a story -- as recently as the early
22 2000's our business model included purchasing wheels
23 exclusively from U.S. manufacturer's plants in California.
24 In 2003, CRC Rim, our major domestic producer at the time
25 and our sole provider of steel wheels, filed for bankruptcy

1 protection and the conditions of the competition in the
2 industry dramatically changed.

3 TTT's shift to China came that same year because
4 our option to source domestically was now gone. We had up
5 until that point, been purchasing our wheels from CRC Rim in
6 California and from Rudaveca in Venezuela.

7 However, the Venezuelan business model it
8 changed, it was a little bit brittle and it was hard for us.
9 It was not a good fit for our needs or our customer's needs.
10 At that time the few remaining producers did not want to
11 sell to an assembler such as TTT.

12 They viewed us as a competitor, and when faced
13 with our own morality and the possibility of actually having
14 to lay off our own American workers, we established a
15 mutually beneficial long-term relationship at Xingmin Wheel
16 in Lonca, China and we began building towable and automotive
17 wheels together.

18 Both types of our wheels are able to be balanced.
19 The price of our wheels is not the reason that customers buy
20 from TTT, rather than from Dexstar. TTT is proud of our
21 product. Our customers have exhibited consistently high
22 praise for the quality and reliability of these wheels.

23 Towable wheels for the RV and trailer segment
24 vividly consists of a hoop or steel rim and then a center
25 disc. TTT has been an innovator in this industry. We began

1 offering improved torque retention as the process that we
2 developed in coordination with Xingmin Wheel in 2009 using
3 the fundamentals that we already knew in automotive wheels.

4 The process offers trailer manufacturers a wheel
5 that has actual verifiable clamp force retention. Our
6 arcwheel features ITR technology that is modeled on the
7 automotive center disc standards. This improved disc
8 combined with beveled stud holes and dynamic coating
9 strategies provides an actual sustainable clamp force.

10 The ITR arcwheel does not require constant
11 retightening. The changes we made to the trailer wheels
12 were more than design and engineering-based. We
13 revolutionized a way to block stud holes during the coating
14 process. The stud holes themselves are actually physically
15 shielded from the powder paint coating which prevents paint
16 from wear and chipping.

17 This prevents wobbles and wheel-offs which are
18 really dangerous in the trailer market. These improvements
19 were confirmed through extensive torque tension testing by
20 an independent lab in Detroit. We have a test available to
21 you.

22 We immediately implemented these new automotive
23 centers to all of our single trailer wheels SKUs. It is one
24 of the factors that distinguishes our wheels from the
25 Dexstar wheel and is one of the reasons why our customers

1 buy from TTT and not from Dexstar.

2 Apart from the implementation of our improved
3 torque retention to our single trailer wheel SKUs, TTT uses
4 Axalta coating -- that's formerly DuPont and it provides a
5 more enhanced protection and a more aesthetically pleasing
6 finish. This is another thing that Dexstar really lacks.

7 They still kind of use a polymer-based wet paint
8 or a polyester wet paint, we just -- we saw them when they
9 were up here. TTT also has an enhanced ERP system that can
10 handle the requirements of our customers in both the OEM
11 segment and the aftermarket.

12 Our ERP system can track paint batch numbers,
13 wheel lot numbers, and tire production runs. Our success
14 in the wheel market is based on a lot of factors but it's
15 not because we sell at prices lower than Dexstar.

16 In fact, we have lost 7 accounts in Georgia and 4
17 accounts in Missouri due to Kenda's assembly division which
18 is based solely on their tire price -- a subsidized tire
19 price.

20 As I previously noted, we sell approximately 70
21 percent of our steel wheels to OEMS as assemblies with
22 tires. Our sales prices and Dexstar's sales prices in this
23 market for the tire/ wheel assemblies -- pardon me, our
24 sales prices and Dexstar's sales prices in this market are
25 for the tire wheel assemblies and not for steel wheels.

1 We have no choice but to source steel wheels from
2 China since Dexstar is unwilling to sell us steel wheels.
3 They are actually in direct competition with us for the sale
4 of assemblies for the towables market and they are not
5 willing to help their competitors by selling people like us
6 wheels.

7 In fact, TTT and Dexstar have a very interesting
8 past together. We've actually purchased from them in the
9 past in the spot market as recent as 2012, we purchased 181
10 pieces of 16 inch steel wheels from Dexstar. Upon mounting
11 these wheels we immediately noticed that the wheels were not
12 airtight and the butt weld, which they explained earlier, is
13 how the hoop is formed and welded together, it had a lacy
14 appearance which means it was porous and did not hold air.

15 This is really irregular in the steel wheel
16 business. Then, this summer we actually had another
17 interesting experience. We wanted to buy 400 wheels, we
18 called, we told them the specs, we told them the color that
19 we wanted. It took them 16 days to confirm the order.

20 In the business that we have we usually confirm
21 orders in hours so this was irregular to us and it was
22 uncomfortable for us. There are wheels that were exhibited
23 here today that Dexstar exhibited with pride that Trans
24 Texas Tire would refuse at receipt.

25 There were wheels with rust on the weld, there

1 were wheels with sub-par welds and there were wheels that
2 were unaesthetically pleasing to consumers. A lot of our
3 customers wouldn't want that, frankly speaking.

4 Irrespective of our hard work, Dexstar has a
5 really significant advantage over us in the OEM tire and
6 wheels market segment since they can actually purchase tires
7 from their affiliated companies in Thailand, China, Taiwan.
8 We are not affiliated with any tire producers.

9 We do compete with Dexstar on the open market,
10 but this competition is not based on price. We sell
11 tire/wheel assemblies and steel wheels in this market at
12 very high prices. Our customers make purchasing decisions
13 that are based on factors other than price. Aesthetics, and
14 desire to replace an assembly with the identical brand that
15 was actually on the OE equipment.

16 In our opinion, Dexstar simply has limited
17 capabilities to produce the wheels in the United States.
18 This is why they choose to supplement that production with
19 imports from their affiliates and other suppliers. These
20 affiliates include Starco, Henco and Kenda Taiwan.

21 It is important to recognize that a critical
22 consideration when it comes to both purchasing and selling
23 steel wheels is totally in the cost of the wheel. As it
24 goes in the open market costs for hot and cold-rolled steel
25 goes for the whole steel wheel market.

1 So those coil costs set the entire market. No
2 one is immune to that, whether they're American or Chinese.
3 Simply, neither the Chinese producers, nor any of us in the
4 United States who purchase and sell steel wheels from China,
5 have unfettered flexibility in pricing this product for
6 resale.

7 Our price is driven entirely by steel costs as is
8 the price of the wheels made in the United States. The
9 recent section 232 steel tariffs implemented by the current
10 administration, increases our landed costs and it also makes
11 domestic wheel production more expensive.

12 Finally, after imposing prohibitive antidumping
13 and countervailing duties on our wheels imported from China,
14 it will really actually have a devastating affect on our
15 family-owned company and our 127 American workers.

16 It may also result in extreme shortage of towable
17 wheel assemblies in the United States since we don't believe
18 that Dexstar has the capacity of producing and selling
19 high-quality product that we actually assemble today.

20 If indeed Dexstar is suffering, it is not a
21 result of import steel, but rather the Commission staff can
22 readily find the company's failed 2002 investment in
23 Dexstar, chronic mismanagement, failure to innovate as well
24 as cost and product appearance issues are the responsible
25 factors. I thank this committee for the opportunity to

1 present my view and I'm open to your questions.

2 MS. KAO: Our next speaker is Ron Pike from
3 Tredit Tire and Wheel.

4 STATEMENT OF RONALD A. PIKE

5 MR. PIKE: There you go, thank you very much for
6 having me this afternoon and the opportunity to speak. My
7 name is Ron Pike, I am President and CEO of Tredit Tire and
8 Wheel Company located in Elkhart, Indiana.

9 I started with Tredit in 1983 as a sales manager
10 in a Texas Division selling wheels and tires. During my
11 tenure with Tredit which has included sales, marketing,
12 product development, sourcing, I've been blessed with my
13 family as I moved up in the organization to Vice President
14 of Operations, to President, COO and in the last two years
15 took on the CEO position.

16 Tredit Tire and Wheel was established in 1967 by
17 Basil Mets. We are part of the Cypress Corporation located
18 in Akron, Ohio. Cypress has six operating companies, two
19 out northeast Ohio and Pennsylvania. Tredit is the only
20 distributor within those operating companies. We are
21 privately held.

22 Tredit specializes in providing tire and wheel
23 assemblies for the original equipment manufacturers which we
24 refer to as the towable industry. Product categories that
25 are manufactured on production basis include recreational

1 vehicle, cargo trailer, boat trailer, open utility,
2 construction equipment deck trailers.

3 We also service aftermarket and OE feeders.
4 Since our inception Tredit has grown to include six
5 distribution centers consisting of 800,000 square feet under
6 roof supplying manufacturing plants from coast to coast. As
7 of 2018, Tredit is the only assembler that can supply all of
8 North America.

9 Tredit Tire's core competence is to provide tire
10 and wheel assemblies in both steel and aluminum wheels,
11 either bias or radial tires, in sizing from 8 inch to 22.5.
12 Our company currently employs over 200 associates in six
13 different states.

14 We utilize high-speed assembly process. We have
15 lately gone to robotics. Our relationship with the
16 Petitioner, excuse me, dates back to mid-1980's when Dexstar
17 Wheel manufactured for Tredit Tire and Wheel.

18 At this time Philip Industries owned Dexstar
19 Wheel. Dexstar Wheel was sold to Kenda Tire. Dexstar Wheel
20 was created, hence the creation of Americana Development.
21 Tredit's volume at that time was in the mid six figures from
22 the manufacturing plant in Elkhart. Unfortunately since the
23 sale here in 2018 our units will be in the mid five figures.

24 A couple reasons for that -- Americana Tire and
25 Wheel is a direct competitor not only to Tredit, but to any

1 tire and wheel distributor in North America. This creates a
2 conflict of interest to the supply chain.

3 Secondly, the value proposition that Tredit
4 brings to our customer is on-time delivery nationally with
5 only quality standards. In the transition period to Taiwan,
6 later Korea then to mainland China -- suppliers to Tredit
7 exceeded performance levels of Dexstar quality, delivery
8 commitment, lastly, proprietary products and customer
9 position within the market.

10 Thirdly, product offerings -- they continue to
11 mature and expand since the early 2000's. To our
12 manufacturing base which the Petitioner was unable to keep
13 pace with, whether it's specification, diversification, we
14 need to keep our products -- that's our value-add, our
15 products, fresh to the industry.

16 Lastly, our organization has been blessed with
17 solid growth. Over the past ten years Tredit's demand for
18 steel wheels far exceeds the current capabilities of
19 Petitioner. Given items 1 through 3 already mentioned,
20 Tredit's responsibility to our 200 employees is to provide
21 growth, employment opportunities as well as to our customers
22 with exceptional service.

23 In closing I'd like to mention that given the
24 pending Section 301 which includes steel and aluminum
25 wheels, imported from China being affected by a possible 25%

1 tariff, an additional ruling in the favor of the Petition
2 with the CDD would send a shock into the industry which
3 employs hundreds of thousands of people -- manufacturing,
4 RV's, trailers, personal livestock.

5 We've already been through tariff on steel,
6 tariff on aluminum. We're going to have tariff on steel
7 wheel, on aluminum wheels and tires. The industry which is
8 consumer oriented, it's discretionary income. You don't buy
9 an RV because you need it, it's because you want it and it's
10 a leisure item.

11 I only ask that you consider some of these
12 factors on both the manufacturing side as well as on the
13 consumer side. I appreciate your time I'm open for
14 questions and I thank you.

15 MS. KAO: Our next speaker is Michael Ochs from
16 the RV Industry Association.

17 STATEMENT OF MICHAEL OCHS

18 MR. OCHS: Good afternoon. I'm Michael Ochs,
19 Director of Government Affairs for the RV Industry
20 Association and I'm here on behalf of RVIA in opposition to
21 this Petition.

22 RVIA represents nearly 350 U.S. manufacturers and
23 component suppliers producing approximately 98% of all
24 family camping vehicles including motor homes, travel
25 trailers, 5th wheel trailers and truck campers, collectively

1 known as RVs in the United States.

2 The 50 billion dollar annual economic impact of
3 the industry covers more than 289,000 U.S. workers across
4 the country. Manufacturing operations are located primarily
5 in Indiana, Oregon, Michigan, California, Ohio and Iowa.
6 Our manufacturers and suppliers are proudly leading the
7 economic recovery of their communities throughout the
8 American heartland.

9 In its Petition, Dexstar alleges that steel
10 wheels imported from China, such as those used in the
11 production of utility trailers and RV trailers, are being
12 sold in the U.S. at less than fair value and are subsidized
13 by the government of China.

14 RVIA disagrees with this allegation and opposes
15 the relief sought as it would significantly harm existing
16 supply chains in the RV industry, it would make the
17 alternative to imports a lower quality, less timely
18 delivered product and it would artificially raise prices on
19 American manufacturers.

20 Over the past 10 years, the RV industry has
21 recovered from the Great Recession that nearly crippled this
22 American-born and American-led industry. One critical
23 factor in this recovery has been the development and
24 utilization of global supply chains.

25 Although the vast majority of RV manufacturers

1 prefer to use American-made components when possible (in
2 fact, more than 70 percent of an average RV is composed of
3 American products), sufficient domestic capacity does not
4 currently exist for several component parts of RV travel
5 trailers such as steel wheels.

6 Therefore, American RV manufacturers have of
7 necessity established reliable sources of supplies from
8 companies who source around the globe. The relief sought by
9 Dexstar would, if granted, devastate existing supply chains
10 which have been working effectively and efficiently to the
11 benefit of RV manufacturers, dealers and importantly
12 consumers.

13 While Dexstar's proposal severely hampers the
14 global supply of inputs for American-made RVs, it offers no
15 clear resolution or guarantee that domestic capacity would
16 be able to meet RV manufacturers' demands for wheels. The
17 proposed duties do nothing to reduce the actual cost of U.S.
18 steel which is at the route of Dexstar's complaint.

19 The duties would only make inputs like steel
20 wheels more expensive and leave established RV -- American
21 RV manufacturers with no viable alternative. It's obvious
22 that this Petition's effects would benefit only an extremely
23 small group of American wheel manufacturers.

24 It is elementary that RV manufacturers forced to
25 source American wheels, would only increase the demand for

1 domestic steel thereby pushing the price even further upward
2 to the detriment of other small and medium U.S. industries.

3 In its petition, Dexstar claims that the domestic
4 industry is suffering material injury or the threat of
5 injury solely due to imports of steel wheels from China.
6 While this is no doubt what they would like you to believe,
7 it does not match up with the reality that RV manufacturers
8 are seeing.

9 Steel wheels are a crucial component of
10 manufacturing travel trailers and the manufacturers of RVIA
11 look at all parameters of a potential relationship -- a
12 potential partnership with a supplier including quality and
13 assurance of timely delivery in addition to price.

14 Our members tell me that these two factors are
15 missing with Dexstar and that is the primary reason they do
16 not use them. Wheels on a travel trailer need to perform
17 well to be effective. They must stay true to size and be
18 built to last as travel trailers are used to go from place
19 to place across the country. Poor quality wheels can lead
20 to accidents.

21 Additionally, they must be of high quality to
22 survive the RV manufacturing process. Most RV factories are
23 still primarily hand driven operations. You see very little
24 of the automation that is prevalent in the automotive
25 industry. Parts are stacked near each station and assembled

1 onto each chassis individually.

2 Parts get knocked over, poor quality parts --
3 poor quality parts can get dinged up easily. Because our
4 members place a high value on quality wheels, several tell
5 me this is one of the reasons they stay away from the
6 Petitioner's products.

7 The vast majority of the major manufacturers of
8 travel trailers are located in the same geographical region
9 as Dexstar, roughly within a 25 mile radius of Elkhart,
10 Indiana. In fact 80% of all U.S. made RVs are produced in
11 this region, yet most manufacturers tell me timely
12 deliveries are lacking with Dexstar.

13 With the industry relying on just in time
14 delivery for its components, they find that other sources of
15 wheels give them the assurance that they will have adequate
16 supplies as needed to produce travel trailers.

17 Petitioner also claims it has sufficient capacity
18 to expand its operations to supply the entire RV industry,
19 as well as the cargo trailer industry. We believe this is
20 woefully incorrect on its face. They have relatively a
21 small location in Elkhart, machinery that is relatively old
22 and according to what they said earlier they run just over a
23 single shift a day.

24 The RV industry expects to ship nearly 480,000
25 travel trailers this year with a minimum of 4 to 6 wheels on

1 each. This means the RV industry will need approximately
2 2.5 million wheels this year to build these travel trailers.
3 None of our manufacturer members is willing to bet that
4 Dexstar can handle that capacity.

5 Over the past three years RV manufacturers have
6 spent millions of dollars on wheels for their trailers to
7 roughly double that cost as has been proposed, would have a
8 drastic impact on the industry and its nearly 44,000 direct
9 employees.

10 The target market for travel trailers, camping
11 trailers and fifth wheel trailers is middle-income
12 Americans. In fact, the typical RV owner has an annual
13 income of \$62,000 making acquiring an RV the largest
14 discretionary purchase for the owner.

15 As such, RVs are extremely price sensitive.
16 Historically a rise in the price point of an RV narrows the
17 potential group of buyers for that RV. Using duties to
18 artificially raise the cost of manufacturing an RV will
19 place many RV's in the higher price point categories and
20 potentially lower sales of RV. Therefore, the RV Industry
21 Association opposes any proposal which would do this.

22 It's important also to note as Mr. Pike said
23 earlier, that steel wheels under HTS category 87169050 are
24 also included in the latest proposal by the U.S. trade
25 representative to add products to the listing subject to a

1 25% tariff as part of the 301 investigation.

2 To add anti-dumping and countervailing duties on
3 top of possible inclusion in the Section 301 tariffs, brings
4 further jeopardy and uncertainty to the RV industry.

5 The RV Industry Association urges the ITC to
6 reject this Petition as we believe there is no injury to the
7 domestic industry due to imports of steel wheels and
8 imposition of any duties would have a devastating impact on
9 global supply chains of downstream industries such as the RV
10 industry. Thank you and I'll be happy to answer any
11 questions.

12 MS. KAO: Our final speaker is Jim Jiayan from
13 Zhejiang Jingu.

14 STATEMENT OF JIAYAN JIN

15 MR. JIAYAN: Good afternoon. My name is Jin
16 Jiayan, I'm the CEO of the Steel Wheel Division of Zhejiang
17 Jingu Company Limited, or Jingu for short. Jingu is a
18 China-based producer and exporter of steel wheels, including
19 the trailer wheels covered by this investigation. I have
20 worked for Jingu for 12 years, and I have worked in all
21 aspects of Jingu's operations, including manufacturing and
22 sales.

23 The Petition makes a number of false or
24 misleading statements that I would like to correct for the
25 record. First, Jingu does not have 8 wheel plants in China.

1 Our website is not up to date in this regard. Currently,
2 Jingu has 5 wheel plants in China that are operational, 4 of
3 which make trailer wheels with a diameter of 12 inch to
4 16.5.

5 Two of the plants located in Xinqiao and Jinqiao
6 are owned by Jingu, and the other two plants located in
7 Chengdu and Shandong are owned by Jingu subsidiaries.

8 We are building a new plant in Changkou, which
9 will produce trailer wheels and wheels for autos and trucks.
10 But this plant is a replacement for Jingu's Xinqiao
11 facility, which we are closing down by end of this year.
12 The Changkou plant will begin production in 2019 and the
13 Changkou begins production, we plan to stop producing
14 trailer wheels at the Chengdu facility.

15 The Chengdu plant is located in the Sichuan
16 Province, which is about two thousand kilometers away from
17 the closest port. For this reason, Chengdu plant focuses on
18 the production of auto and truck wheels for China's domestic
19 market.

20 We are producing trailer wheels at Chengdu only
21 for temporary until the Changkou facility is completed.
22 This means that by 2019 we will only have three plants that
23 produce subject trailer wheels. Lastly, Jingu is not
24 increasing its capacity for steel trailer wheels and has no
25 plans to do so.

1 Second, the Petition also mentioned our
2 "High-End" factory in Jinqiao to suggest that Jingu is
3 increasing its capacity. This is Jingu's second plant in
4 Jinqiao in addition to the one already mentioned and it
5 makes auto and truck wheels, not trailer wheels.

6 The high-end factor uses automated production
7 lines for efficiency and precision. In contrast, we make
8 trailer wheels in older facilities with manual processing
9 and less expensive equipment. We typically earn higher
10 profit margins on the sales of auto wheels and truck wheels.

11 Consequently, it would not make any sense for us
12 to use the high end factory to make low-end trailer wheels.
13 Overall, our strategy is to increase the production and
14 sales of auto and truck wheels, and keep the trailer wheel
15 production about the same.

16 Finally, the Petition states we founded a
17 subsidiary in Michigan to "establish the overseas market."
18 This was a holding company that we closed last year. Jingu
19 does not have any employees in the U.S. for customer service
20 or otherwise.

21 I would now like to turn to Jingu's participation
22 in the U.S. market for trailer wheels. With little capacity
23 in the U.S. or third countries, imports of trailer wheels
24 from China are needed for the U.S. market.

25 U.S. trailer producers would be harmed if they

1 lost access to imports from China because there is not
2 enough production from U.S. and third country producers to
3 meet U.S. demand. For this reason, we see ourselves as an
4 important source of supply to the U.S. market. In fact, we
5 have even sold trailer wheels to Americana Development, of
6 which Dexstar is a division. This also suggests that
7 Dexstar's production is limited.

8 Lastly, I would like to comment on the Chinese
9 industry as a whole. There are four main producers of steel
10 trailer wheels in China, which export to the United States.
11 These are Jingu, Xingmin, Sunrise and Zhejiang Ningbo
12 Hanvos. The other companies listed in the Petition are
13 either small producers of trailer wheels, or do not produce
14 or export at all.

15 For example, Changchun FAWAY's sales manager
16 informed us that the company used to produce trailer wheels
17 but stopped many years ago. Hangzhou Forlong is another
18 Chinese company that does not produce or export trailer
19 wheels.

20 Thank you for your time today and I am happy to
21 answer your questions.

22 MS. KAO: This is Ting-Ting Kao again with White
23 & Case. As you heard today, Americana's role as an
24 assembler limits head-to-head competition to the
25 assembly/OEM segment of the market. This limitation is a

1 function of Dexstar's own business structure and not a
2 result of subject imports.

3 As you also heard, Americana has not approached
4 assemblers in its own backyard for business despite its
5 claims of excess capacity. This is even more noteworthy,
6 given Dexstar's estimate that the assembly OEM market is 70
7 percent of the market.

8 The Commission should keep these facts in mind
9 as it examines the record. Furthermore, as you heard,
10 several non-price factors are significant considerations
11 for purchasers. Specifically, lead times, quality, and
12 geographic reach are quite important; particularly, in the
13 assembly/OEM market. Purchasers have experienced
14 unacceptably long lead times, poor quality, and limited
15 geographic reach with Dexstar. The inability of the
16 domestic industry to satisfy purchasers' non-price
17 requirements are deal breakers.

18 Finally, the witnesses have also discussed the
19 high and increasing demand for steel trailer wheels and
20 their need for a reliable source of steel trailer wheels in
21 sufficient volumes to meet the high demand. The relatively
22 small size of the domestic industry, along with all the
23 non-price factors they discussed earlier have lead them to
24 seek other sources of steel trailer wheels.

25 Based on the record, the Commission has

1 sufficient information to find that there is no reasonable
2 indication of injury or threat of injury due to subject
3 imports from China.

4 We, of course, will elaborate all of these
5 points in our post-conference brief and address any of the
6 additional confidential data that are released after this
7 hearing. Thank you.

8 MR. THOMSEN: Thank you to yourself and all the
9 witnesses for their testimony today. We'll start this
10 afternoon's questioning again with Mr. Jordan Harriman.

11 MR. HARRIMAN: Hello. Good afternoon. Thanks
12 again for being here and speaking with us and giving us your
13 testimony. Some of us are definitely familiar from just a
14 few months ago, so I'll start off my question -- I'm going
15 to focus mostly on our importers and assemblers, but just a
16 quick question/comment for Mr. Jiayan Jin.

17 I appreciate your highlighting these companies
18 in your testimony. I would just invite you to comment in
19 the post-conference briefs any extra detail on who the major
20 firms are, if you have any estimations as to their
21 competition of the market, anything you can add to what our
22 foreign producer coverage will be at that time. That would
23 be appreciated.

24 MR. JIN: Okay. I will put it in the
25 post-conference brief for sure.

1 MR. HARRIMAN: Great, thank you.

2 Okay, so with regards to this assembly process
3 adding tires, in particular, it seems to these wheels. Can
4 we get a little more detail into what goes into that
5 process? You know how long it takes. Just someone's
6 testimony said it was a semi-automated process, so it'd be
7 interesting to know more about how automated the process is
8 and where it's automated and how long this process takes
9 would be good places to start.

10 MR. MILLER: And the cycle time as far as -- if
11 your question is: how long does it take to mount the tire to
12 the wheel outside of staging the material, the actual
13 assembly process is anywhere from about approximately a
14 minute to a few minutes, so these turn very fast.

15 MR. HARRIMAN: And so it sounds like at that
16 pace it must be a highly automated process. Is there any
17 parts of it that are not automated?

18 MR. MILLER: Well, at the volumes that the three
19 of us work at, it's highly automated. The equipment that we
20 have would be similar to automotive grade you know just like
21 what Chevy or GM uses from an automotive perspective because
22 cycle time means everything and just being able to -- just
23 like any efficient manufacturer.

24 MR. HARRIMAN: Ms. Walker?

25 MS. WALKER: I agree entirely with Tim. You

1 know the most cumbersome aspect of our business is unloading
2 tires from containers. We really all three do high-speed
3 automation for assembly. Another thing is the wheels
4 largely, for the LE market, come in what we call ocean
5 pallets, so it's a steel pallet correctly marked by bar code
6 on the actual wheel and the actual pallet, so that is not
7 labor intensive. It's cut and dry and it's effective, which
8 is the most important thing. Thank you.

9 MR. HARRIMAN: Thank you. On a percentage
10 basis, let's say you have a fully assembled wheel with a
11 tire and valve stem is there a general percentage figure for
12 how much of the share of that fully assembled wheel is
13 accounted for by the tire portion and separately y the valve
14 stem portion? And if not, does that change based off the
15 diameter size of the wheel?

16 MS. WALKER: I'd be happy to do it in
17 post-hearing, but I mean vastly the tires, the more
18 expensive component of the three -- you know valve stems
19 cost 67 cents, so you have a steel wheel that is a lot less
20 valuable at import than a tire.

21 MR. HARRIMAN: Yes, please feel free to put that
22 in your brief if you want to go into more detail that way.

23 And I think it makes sense that we're focusing
24 on tires and valve stems, primarily. Are there other less
25 common, out-of-scope attachments that you're in business

1 with regularly?

2 MS. WALKER: We build automotive wheels and we
3 build snow wheels also and we also build truck wheels.
4 They're all vital to our economy in the United States, but
5 they are all quite different products than a trailer wheel.
6 Thank you.

7 MR. HARRIMAN: I suppose I mean within -- I
8 appreciate that answer, but just within trailer wheels are
9 there other product lines that focus on out-of-scope
10 attachments that we really just haven't talked about or is
11 that just not a factor?

12 MR. MILLER: No, that's the assembly.

13 MR. HARRIMAN: Thank you.

14 Ms. Walker, I wanted to ask you about some of
15 the specific elements of your testimony that you
16 highlighted. This improved torque retention. One in
17 particular I'll start off with. You said there was a
18 process developed by Trans Texas Machine and Wheel. Does
19 that mean that they are -- is this a feature that's being
20 added overseas or is it something being done in the U.S.?

21 MS. WALKER: Yes, it was developed in
22 coordination between Trans Texas Tire and Shiman Wheel.
23 Largely, before us, the lug hole would be straight up and
24 down. There were problems. People would have what are
25 called "wheel offs." The United States is an aging society.

1 People who buy RVs aren't young. Sometimes they're older
2 and they lack the ability to re-torque bolts, so it was one
3 of those things. It was a necessity, but it really ended
4 up helping the market because we don't have wheel offs,
5 which are incredibly dangerous.

6 But the way we did this is we abandoned the
7 straight, perpendicular lug hole and we made it coined and
8 beveled. So I brought one of our wheels and you can
9 actually feel in our lug hole that it is beveled and you can
10 feel that the lip is coined. Largely, before us, you just
11 didn't see it. We have 293 specifications of that. When we
12 did this, we went all in because it was just that important
13 to us. And here it is.

14 So the lug holes you'll be able to feel are very
15 different than some of the other ones that are made
16 domestically. Thank you.

17 MR. HARRIMAN: Thanks for sharing that. I'll be
18 sure to let the rest of the team take a look at this as
19 well.

20 This may be a question that you want to think
21 about for your post-conference brief and being able to get
22 into detail. I'm curious if this process, ITR, and the
23 coating that you mentioned in the immediate paragraph after
24 I'm curious if those come with an appreciable level of value
25 added that you include in pricing out your product and if

1 that's the case and if there's a specific number for that
2 I'd invite you to comment on that in the brief as well.

3 MS. WALKER: There is added value. It makes the
4 wheel more marketable and more desirable to both OEs and to
5 the end user because cosmetically it looks good and it also
6 has a built-weight to prevent wheel offs. Trying to
7 quantify that, I'm going to leave that to Ned. Thank you.

8 MR. MARSHAK: Post-hearing brief.

9 MR. HARRIMAN: Great, thanks.

10 You also mentioned Trans Texas has an enhanced
11 "ERP System." Could we just break out that acronym and what
12 that refers to?

13 MS. WALKER: It's Enterprise really software
14 system. We really did this largely out of need and we need
15 to be able to track paint lots. We need to be able to track
16 tire prevention lots. We need to understand what's
17 happening in our supply chain, so that's an enterprise
18 related software system that's comprehensive from when a
19 tire or wheel is ordered all the way through manufacturing
20 and production, shipping, our in house production or
21 assembly process, and then actually how we outbound to our
22 consumer. So everything is bar coded, the product as
23 each's, the pallets, then the outbound assembly get a new
24 each.

25 This is just a way to give customers and end

1 users satisfaction that we really know what we're building
2 and they're really getting what they ordered. We have seen
3 various levels of success as our competitors have done this
4 or have chosen not to do this. Thank you.

5 MR. HARRIMAN: Great, thanks.

6 MR. WALKER: One of the things that goes to the
7 previous question you asked was about different sizes. The
8 interest is up to 16 inches or 16.5, maybe 16.5 around.
9 There are a lot of 16s around. The 16-inch dual is not a
10 stamp center. It is flow formed. A disk goes into a
11 forming machine and it is spun, as are the 17.5s and 22.5s.
12 I don't believe that Dexstar is even capable of spinning
13 centers, but the heavy wheels for trailers require
14 spinning/forming -- spinning/forming, same thing.

15 MR. HARRIMAN: Great. Thank you for that
16 addition as well.

17 I think just two more questions from me. Mr.
18 Miller, this again may be a question more for brief if you
19 want to go into a little more detail there. I'm just very
20 curious in your testimony you had estimated -- you have a
21 passage about estimating a two-week lead time in a facility
22 with access capacity. I'm just curious on unpacking that
23 methodology a little bit more. Is there any of that that's
24 based on real experiences or is it estimations and
25 calculations that you made -- you and your office from

1 industry expertise primarily?

2 MR. MILLER: Right. And it is industry
3 expertise and we can provide more post-conference.

4 MR. HARRIMAN: Okay, thanks. And my last
5 question, I touched on this a little bit this morning, just
6 curious if the afternoon panel has any thought on the
7 dynamic. We also asked importers about cladding versus
8 coating. Do those terms have any distinguishable difference
9 for importers?

10 MR. PIKE: No.

11 MR. HARRIMAN: Thanks. That concludes my
12 questions for now, so I'll turn it over to my colleagues.

13 MR. THOMSEN: The next staff member is Moses
14 Song, Office of Investigations.

15 MR. SONG: Hello. Thanks for explaining and
16 making comments to make things clearer. For clarification
17 purposes for Mr. Miller, the reason why, in your mind, that
18 Dexstar is not a -- well, the whole dynamic between
19 Dexstar and Americana and all the grasping -- so in your
20 mind because Americana is an assembler which is in direct
21 competition with you and Dexstar is the supplier to
22 Americana is that --

23 MR. MILLER: Correct, exactly. Any time you're
24 in a position -- within our industry, we constantly
25 experience segments we regularly experience periods of times

1 where there's scarcely a product. Orders get prioritized.
2 So part of the partnership that we create are long-lasting
3 relationships with our partners, whether it's in steel
4 wheels or any of the other components.

5 To put my continuity of supply in the hands of
6 an entity that's a direct competitor is undue risk and it's
7 not a rational step to take. I too have lost business to
8 Americana. We've battled -- if you will, battled them on a
9 regular basis and it's just an untenable situation.

10 MR. SONG: Thank you. So this is more for Mr.
11 Jin. So for Chinese markets, how much, in general -- in a
12 general term, as an industry, how much the players in China
13 the producers who are selling in the home market, your
14 market versus exports in a general percentage term for
15 trailer wheels?

16 MR. JIN: China domestic market we don't use.
17 We don't have trailers in China, so I would say all Chinese
18 manufacturers that they produce trailer wheels that is made
19 to export to the United States, Europe, Russia, and other
20 countries, but not for domestic market.

21 MR. SONG: Okay, so it's primarily an
22 export-driven market. And within exports in a general
23 percentage figure term, how much are Chinese players,
24 including your company, selling to the United States versus
25 other markets?

1 MR. JIN: Talking about Jingu I think around
2 half/half or something like that.

3 MR. SONG: So 50/50?

4 MR. JIN: Yes.

5 MR. SONG: And do you believe the Chinese
6 industry for trailer wheels have excess capacity or are you
7 close to your full production capacity?

8 MR. JIN: I think I will put that in the
9 post-conference brief, okay.

10 MR. SONG: And I would like, if you could
11 pre-POI and the POI.

12 MR. JIN: Okay.

13 MR. SONG: So if you want to produce trailer
14 wheels, how easy is that if you can tweak the machinery to
15 produce in-scope -- from in-scope to out-of-scope
16 merchandise and vice versa? How easy to retool the machine?

17 MR. JIN: I will the equipment and the tooling
18 totally different. If we want to change it from trailer
19 wheels to the passenger car or trucks, it'll almost be
20 impossible. Yeah, you have to build another plant, another
21 line, invest in new toolings, cost millions of dollars.

22 MR. SONG: Are you aware of -- this is for the
23 counsel or Mr. Jin too. Are you aware of any AD CDV
24 proceedings from other countries subject to trailer wheels?

25 MR. JIN: No.

1 MS. KAO: We're not aware of any that cover this
2 specific scope, but as counsel mentioned earlier today you
3 know we have not -- maybe there might be some out there that
4 covers some part of it -- not to our knowledge.

5 MR. SONG: Also, as a Chinese producer, do you
6 export rims and disks separately or do you always export
7 complete wheels?

8 MR. JIN: No, we export complete wheels. No.

9 MR. SONG: Alright, thanks for answering my
10 questions.

11 MR. THOMSEN: Thank you, Mr. Song. We'll now
12 turn to Mr. Smith of the General Counsel's Office.

13 MR. SMITH: Thank you all for being here this
14 afternoon. My first question is really for counsel and I
15 just have a few questions.

16 Do you agree with the Petitioner's definition of
17 the domestic-like product as a single like product
18 co-extensive to the scope in this case?

19 MS. KAO: Yes, that's something we're still
20 looking into and we'll address that in our post-conference
21 brief.

22 MR. SMITH: Okay, great. And when you do please
23 address all the domestic-like product factors that we
24 normally look at.

25 MS. KAO: Absolutely. I was thinking with one

1 case.

2 MR. SMITH: Secondly, with respect to the
3 domestic industry and defining the domestic industry I'm
4 interested to know if there are any assemblers or importers
5 in the United States that take the in-scope rims, the
6 in-scope disks weld them together and trade in-scope whole
7 wheel. Are you aware of any of that kind of assembly going
8 on?

9 MR. PIKE: Not at this time.

10 MS. WALKER: Yes, the people who proposed this
11 anti-dumping action. I mean, largely, until December of
12 '17, they were importing what we would consider parts. They
13 were importing disks face and they were maybe running the
14 hoops in Indiana and marking them "Made in the United
15 States."

16 You know as a concerted effort to prepare for
17 this action they quit making the centers at Henco in China.
18 This is open information. It's all on Import Genius and
19 Pandy. You can find it under the homogenized tariff codes,
20 so they prepped. They quit making their centers. I don't
21 know what they do with their rims or hoops, but they were
22 the ones who did this, not us. We deal in whole-wheel
23 products because we want perfect finishes and we want a
24 whole-wheel product that's going to be esthetically
25 pleasing to ROEs and after market.

1 We would never consider welding a hoop and a
2 center together. To us, it's a waste of time in sort of
3 maybe a malicious way to mark something "Made in the United
4 States." It's also not our business model. It's a
5 non-working model that has been -- we watched since 2003. I
6 mean, largely, this is why CRC had bankruptcy issues because
7 they would buy their center. They'd run their hoop and
8 they'd weld it together. We know in Carlisle we know that
9 it doesn't work. Maybe they don't.

10 MR. SMITH: Okay. And when you're saying
11 "they," you're referring to Americana Tire and Wheel or
12 Dexstar?

13 MS. WALKER: No, that's the assembly division.
14 I think it works okay for the assembly division because they
15 can continue to import. I'm talking about Dexstar.

16 MR. SMITH: Okay.

17 MS. WALKER: Dexstar largely imported centers,
18 ran hoops in Indiana, marked them "Made in America."

19 MR. SMITH: Okay. Do you have a sense of the
20 value added or how much labor and how capital intensive it
21 is to weld the rim to the -- sorry, the disc to the rim?

22 MR. PIKE: Since we don't assemble here in the
23 U.S., you can't quantify that.

24 MR. SMITH: Okay.

25 MR. PIKE: Whether in the Cap Ex needed for the

1 welding equipment that's specialized equipment as well as
2 the manpower necessary and the material handling that would
3 be involved in that.

4 MR. SMITH: Okay.

5 MR. JIN: I have some comments about that. The
6 reason they import disk is because there are dozens -- maybe
7 more than 100 different disk model because the bolt hole,
8 window hole they're all different. They need to invest a
9 lot of money on the tooling. The reason they produce the
10 ring here is the ring is just a 12-to-16, so they just buy
11 the disk at somebody here that you don't need to put too
12 much investment on the ring and the assembly probably
13 that's the reason.

14 MR. SMITH: Okay. And Mr. Jin, to follow up on
15 that, does your company, Jingu, do you import parts, rings,
16 and disks separately or just wheels?

17 MR. JIN: Import you mean, Jingu?

18 MR. SMITH: Yes, Jingu.

19 MR. JIN: We produce everything ourselves.

20 MR. SMITH: Export -- sorry, export. Sorry.

21 MR. JIN: We export only finished wheels.

22 MR. SMITH: Only finished wheels?

23 MR. JIN: Yes.

24 MR. SMITH: And in the past three years that's
25 been the case as well?

1 MR. JIN: Maybe four or five years before we did
2 supply to the Petitioner, but since then they stopped and
3 their sourcing from other Chinese suppliers.

4 MR. SMITH: Okay. That's all the questions I
5 have. Thank you again.

6 MR. THOMSEN: Thank you for those questions.
7 Now let's turn to Amy Larson, our Economist for this case.

8 MS. LARSON: Thank you. Thanks to the panel for
9 their testimony this afternoon. Let's see, where to start.
10 I'm still learning about this industry and so some of these
11 questions might be really basic, but earlier this morning
12 when the Petitioners were talking about the different kinds
13 of wheels that they can produce there seemed to be some
14 differentiation between painting or stripes, but it sounded
15 to me like the wheel itself is kind of standardized you know
16 within the specified sizes.

17 And then Amanda Walker with your testimony it
18 sounded like assemblers can actually have very specific,
19 almost IP specific specs and then they ask the producers of
20 a trailer wheel to produce and I wanted to ask the other
21 producers how often do you ask for very specific trailer
22 wheels to be produced. Is this a common occurrence or this
23 kind of a one-off?

24 MR. PIKE: Depending on the manufacturing spec
25 -- naturally, the RV industry has different carrying

1 capacities and offsets, bolt circles, lug configuration, as
2 well as center bore, okay. The cargo trailer business is a
3 different manufacturing spec, so when --

4 MS. LARSEN: But just to clarify, but that's
5 like industry-wide, right.

6 MR. PIKE: Yes.

7 MS. LARSEN: So the RV will have a very specific
8 wheel.

9 MR. PIKE: Not necessarily.

10 MS. LARSEN: Okay.

11 MR. PIKE: Not necessarily. And a lot of this
12 has to do with tire capacities and fitments and axle ratios.
13 That is a little bit of the complexity I referenced since
14 2000. There was many, many variations of a 16-inch wheel,
15 either an offset, center bore, load carrying capacities.
16 There's a variety of ways that a manufacturer -- and that's
17 the value add that a manufacturer brings and an assembler
18 brings to have that on hand. It goes back to the earlier
19 question I think Mr. Harriman had is you know our industry,
20 for as big as it is, is not very precise. They go on
21 production runs. They don't forecast very well. They are
22 very consumer oriented, so it's basically JIT having that
23 inventory on the ground in place to keep a production
24 running in all offsets, all colors, all stripes. Some want
25 spokes. Some want mod. Some want 16-inch. Some want

1 13-inch.

2 MS. LARSEN: With that being said, then how easy
3 is it for an assembler to switch suppliers to different
4 trailer wheel producers?

5 MS. KAO: I think Ms. Walker may want to
6 elaborate on your experience with the quality of the
7 different manufacturers that you've had experience with?

8 MS. WALKER: Thank you. This is Ms. Walker. I
9 think Jin makes a fantastic product, but we are his
10 competitor in China and in the United States.

11 The products I have seen made domestically, I've
12 seen problems with butt welds. I've seen problems with
13 paint. I've seen problems with their hand-painted striping.
14 The consumers don't want that sort of thing.

15 So it would make me very uncomfortable to switch
16 manufacturers. And I don't see it being on par. I don't
17 see that you could sub instantly. I think that probably Ron
18 and Tim feel the same way. There isn't an instant sub. And
19 as with everything, there's relationships. These two buy
20 from Jin. We have a deep relationship with Shi Min. We
21 would correct any kind of problem, or if there was some kind
22 of new need in the market we would evaluate it and build it
23 together. We wouldn't just change ships.

24 MS. LARSEN: With your ITR process, is a
25 producer able to easily switch their assembly lines and stop

1 making just generic trailer wheels and shift to make yours?
2 Does it actually require them to stop their assembly line to
3 produce your unique cone-shaped trailer wheel? Would that
4 inhibit your ability to switch from supplier to supplier?

5 MS. WALKER: Yes. But we only build this
6 technology with sheen and wheel in Lonco, China. Thank you

7 MS LARSEN: As reassembler, what is your
8 relationships with the OEMs? Are the OEMs going to
9 assemblers for their specs, and then you guys work together
10 in a year-long contract? Or how--what's your relationship
11 with the assemblers and OEMs?

12 MR. MILLER: Tim Miller with Lionshead. If we
13 position ourselves correctly to be able to fully utilize all
14 the strengths that we can bring to bear with the
15 relationship, we are their tire and wheel expert.

16 So their engineering group bounces ideas off of
17 us, ensures proper load-carrying capacity, discusses
18 clearance, discusses all the nuances that Ron had previously
19 mentioned as far as the dynamics or the intricacies of that
20 assembly.

21 Unlike previous testimony, I have no long-term
22 contracts. It's a very dynamic industry, as Ron just
23 mentioned. There is no--I earn my customers' business with
24 every order. So first and foremost, quality. Secondly, I
25 cannot run that plant out of product.

1 So that's why those dynamics become so forceful
2 for us. So all of that comes together, as far as that
3 overall relationship. It's technical expertise. Really,
4 knowledge of all aspects of the component. Ensuring that
5 we're providing them quality product that's compliant with
6 NHTSA and all government regulations. And then the
7 continuity of supply.

8 MS. LARSEN: So when an RV creates their new
9 year model, would they then potentially buy a trailer wheel
10 from Lionshead and then switch--midyear, switch to buying a
11 trailer wheel from someone else?

12 MR. MILLER: Sure. Tim Miller from Lionshead.
13 If I underperform for them, there is no contract.

14 MS. LARSEN: Okay. And do OEMs have specific
15 qualification processes for their assemblers?

16 MR. PIKE: No question--this is Ron Pike with
17 Tredit. Your RV industry has a qualifying QC engineering
18 department. Naturally you have a fifth wheel going down the
19 road at 80 miles an hour, there is quite a bit of risk
20 involved in the manufacturing process.

21 Alright? So all of us are held to NHTSA
22 standard, as well as load-bearing capacities, and proper
23 fitment. Once again this is the value add that we bring in
24 this room, that when we present a product to the
25 manufacturer it meet or exceeds DOT and NHTSA requirements.

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We have customers that like to look at products and say, you know I really like that and it looks pretty, and I want that wheel. We see this in aluminum wheels all the time. But it may not have the load-bearing capacity. It may be the wrong fitment to the tire. It may not have the right retention back to the ITR.

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The ITR, alright, is developed for torque retention and clamp load to the hub face, because our industry has been faced with wheel-offs. That's a unit going down the road and wheel and tire comes off, and it passes you while you're going down the road. And that's a scary thing. ITR, which is a torque retention process, is a very specific manufacturing process.

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You don't just wake up one morning and put a wheel line in and start making ITRs. At the same time, pain application, back hub face, clamp load ratios, these are all important things. And you can see Amanda and Tim going like this (indicating), alright, because when you're bringing in the units you're bringing in, and mounting the tires, and delivering them to our customers, whether they're utility trailers, horse trailers, or RV, this is serious business. It has a lot of liability. And a lot of our customers are publicly traded companies, and we're aware of that.

25

So this is what we're here to talk about, is you

1 have to pay attention to what you're doing in this business.

2 MS. WALKER: Amanda Walker. I have one comment,
3 and I'm kind of coming around the bend but I want to answer
4 your question.

5 You know, I think you were asking if we build
6 specific things for specific people. And I would say we do,
7 for sure. And I know that Tim and Ron do. Sometimes we
8 have OEs, or aftermarket users that have a specific defined
9 need. They need something that looks different, has a
10 different coating, has a better application. We're willing
11 to do that, and we do do that.

12 And the more you're approachable, the more people
13 bring special projects to you. We got a multi-million
14 dollar piece on Wednesday because someone preferred our
15 paint. We have an 18-month process with an OE where we're
16 redesigning steel wheels just to fit their application in a
17 better way, a smarter way.

18 So, yes, there are many commonalities of what we
19 sell every day, but each one of us would build a special
20 wheel for somebody if they had a need.

21 MS. LARSEN: Mr. Miller started off this
22 afternoon talking about the two different markets. There's
23 OEM assemblers and then the aftermarket, and I'm still
24 trying to understand how those markets--if they are even
25 different. I mean obviously the end user, you sell it to

1 two different groups. But is the sale process--the
2 purchasing process different?

3 Again, I would assume for an OEM those orders
4 would be produced to order. I'm hypothesizing that maybe an
5 aftermarket would come from inventory to be more generic
6 trailer wheels. I'm trying to understand. Is there a real
7 difference between the two markets, or not?

8 MR. PIKE: This is Ron Pike with Tredit. Yes,
9 there's a difference between the two markets. The OE market
10 is a production environment. You spec on a wheel-on-tire to
11 a unit. They run X units per day. And you deliver that
12 product.

13 The aftermarket has a consumer involved in it.
14 That is more driven by individual taste. E-commerce is
15 expanding in our industry quite a bit. I think Amazon is in
16 the tire and wheel business. So you're able to go online
17 and order tires and wheels and have them delivered to your
18 front doorstep, take them down to your local tire guy who'll
19 put them on for you.

20 The big box has a total different look of things.
21 And then you look at what is going on with the utility
22 trailer market, if you go to your Home Depot, or your
23 Lowe's, and you look at those trailers that are out there.

24 So we view the aftermarket totally different than
25 the OE market. But they're both significant numbers into

1 the market. Aftermarket is growing, no question. The
2 consumer now can reach out online and bring in a tire and a
3 wheel right to his doorstep.

4 MS. LARSEN: Does price have the same kind of
5 impact in the aftermarket as it does in the OEM?

6 MR. PIKE: This is Ron Pike with Tredit.
7 Naturally the OE pricing is--everything is based on volumes,
8 and everything is based on manufacturing, naturally, as
9 compared to the consumer.

10 MS. LARSEN: Thank you.

11 MS. WALKER: Hi. This is Amanda Walker. I have
12 a comment. We're a little different than them. We don't
13 sell to the RV market. We sell to trailers, and then we
14 have a lucrative considerable gross margin business in the
15 aftermarket. And we should talk about it.

16 Those consumers can order online, or go to one of
17 the 900 tire stores we feed, or the 2,500 big boxes that we
18 feed, and they can have our wheels that day. Or if they
19 want to shop a little bit, they can have it the next day.
20 And it's largely about replacement, or it's largely about
21 upsell, improving the appearance of your trailer, improving
22 the appearance of your RV.

23 Ron mentioned this earlier, these markets are
24 about people making money, because you use a trailer like to
25 haul a lawn mower, or gravel, or something industrial. You

1 use an RV for leisure. So these are people who do not want
2 to not have a tire and wheel on that vehicle. They want to
3 be able to make money with it. They want to be able to
4 enjoy it.

5 So you have to be able to get to the end consumer
6 and, really, the end consumer is a smarter buyer right now
7 because they make choices on choice, style, and they make a
8 lot of choices on delivery. Thank you.

9 MS. LARSEN: And then a follow up question for
10 you, the aftermarket sales that you have, are they just
11 trailer wheels? Or is it a combination trailer wheels
12 and/or wheels are installed with a valve in it, the tire?

13 MS. WALKER: Anything that we manufacture at OE,
14 we would be happy to sell it aftermarket. So we pretty much
15 sell everything at aftermarket, too.

16 MS. LARSEN: Great. Cost share. So the
17 Petitioners mentioned in their opening, or in their
18 presentation that they estimated that a trailer wheel would
19 account for about one percent of, I think it was an RV.
20 Questionnaire responses for this cost share question were
21 kind of spotty. So I'm curious to see, having you guys in
22 front of me, if you have different cost shares that you
23 would throw out? Or are you agreement that a trailer wheel
24 does account for a very small percent? Or does it change
25 from an RV versus a trailer? I don't have those breakouts.

1 So if anyone has information on those, that would be very
2 helpful.

3 MR. MILLER: Tim Miller with Lionshead. It
4 depends by segment. So for example in an RV that might be
5 the case. But once you get into cargo trailers, or boat
6 trailers, it's a significant portion of that total cost.

7 So if you're buying a pontoon trailer that's
8 engineered quite a bit differently, obviously it's a smaller
9 unit, a less expensive unit, that same tire and wheel is
10 needed. So proportionally it's quite a big higher percent
11 of the total cost of that unit build.

12 MS. LARSEN: I'd ask both parties to maybe
13 address this in their post-conference brief by the different
14 segments, that that would be really helpful since we didn't
15 get it through questionnaire responses.

16 Substitutes. Also, in the early morning panel,
17 who was it, someone mentioned that particularly the aluminum
18 trailer wheels are used, and particularly in the RV segment
19 that there's been kind of a shift towards more aluminum
20 being used for style.

21 I'm curious if you guys have seen the same thing
22 in the RV, or just in general cargo, what the compatibility
23 of the aluminum trailer wheel is.

24 MR. MILLER: Tim Miller with Lionshead. So
25 structurally it's the same wheel. They've got to maintain

1 whether it's a steel wheel or aluminum wheel, the
2 specification requirements, all those specifications and the
3 load-carry requirements are the same. But as was mentioned
4 in an early panel, and I agree, that the cost is 250 to 300
5 percent. So it's a completely different price point.

6 And from an RV segment, yes, over the last 10
7 years aluminum wheel usage has grown dramatically within the
8 RV segment. But that's just one segment. So you really
9 have to kind of address it segment by segment.

10 MR. PIKE: This is Ron Pike with Tredit. I
11 would agree with Mr. Miller. What styling on RVs, high end
12 RVs in particular, allows you to get a style that you
13 prefer, so you look different than your neighbor's RV in the
14 driveway next to you. Steel wheels look the same. Okay?

15 The value-add that aluminum brings, it is a more
16 durable product, no question. Secondly, that aluminum has
17 been eating into the steel wheel market because the consumer
18 expects more. He wants more value. It's a lower
19 maintenance item.

20 MS. LARSEN: What would you estimate that
21 aluminum wheels have taken over in this year in RVs, the RV
22 segment?

23 MR. PIKE: Yeah, I couldn't quantify that. What
24 I can tell you is, is that the discriminating buyer of RVs,
25 particularly in the mid-range to high-end spec an aluminum

1 wheel. That's a value-add for the manufacturer. It's no
2 different than buying a car. You get the base model with
3 steel wheels and no leather. And then you go over here and
4 you get aluminum wheels that looks pretty nice with leather.
5 And, you know, it's an up-sale. It's a nice value-add that
6 comes into the market.

7 MS. LARSEN: Thank you. Just two more
8 questions. Switching now to the price data, the pricing
9 products, how well--this is to counsel--how well do you
10 think the pricing products capture the competition in the
11 market?

12 MS. KAO: Well, there's still some importer
13 questionnaires that may be pending, given that the deadline
14 was extended to today. So we'd like to review everything
15 and take a look.

16 But as we mentioned earlier, there are some
17 concerns about the assembler market, given the competition
18 concerns that Lionshead--sorry, that Dexstar competes with
19 the assemblers.

20 MS. LARSEN: Okay.

21 MS. KAO: But we'll address that fully in our
22 post-conference brief.

23 MS. LARSEN: You also mentioned that the pricing
24 products don't include the aftermarket, and I'm curious if
25 you think--or if anyone here thinks that the pricing trends

1 that we do have would be different for the aftermarket, or
2 if they generally have the same kind of pricing trends that
3 we're seeing. Maybe it's something you can address in the
4 post-conference.

5 MS. KAO: Absolutely.

6 MS. LARSEN: And then my last question is, as I
7 asked Petitioners earlier, that there seems to be a wide
8 price range among the different firms within each pricing
9 product. And I'm trying to understand what factors could,
10 or specs could be affecting the pricing data. If you have
11 any thoughts or reasons why we would see such wide
12 variations among the firms.

13 MS. KAO: Yeah, we'll look at the--obviously a
14 lot of this information is proprietary, so we'll definitely
15 address that in our post-conference.

16 MS. LARSEN: Wonderful. Thank you. That
17 concludes my questions. Thank you very much.

18 MR. THOMSEN: Thank you very much, Ms. Larsen.
19 We'll now turn to Charles Yost from the Office of
20 Investigations.

21 MR. YOST: Thank you very much.

22 I join with my colleagues and co-workers in
23 welcoming you here today. I've found the testimony very,
24 very interesting. We've looked at a number of products that
25 use trailer wheels--towed-behind lawn and garden groomers,

1 and that kind of thing, as well as all the various inputs
2 into trailer wheels, the ESRB rubber tires and so forth, and
3 tire bead, tire cord from the steel industry.

4 I don't have really any questions. I'm just
5 curious, though. Ms. Walker referred to, and then Mr. Pike
6 referred to a term of "clamp force." What is "clamp force"?

7 MR. PIKE: Clamp force is the back face of the
8 wheel when torqued to the hub. It creates a friction clamp
9 force when you torque the wheel to the hub. And that clamp
10 force is very, very important when your vehicle goes down
11 the road because it helps you retain torque.

12 When you lose clamp load, the lug nuts come loose
13 because the wheel starts to vibrate. It's very important.
14 The manufacture of the center bore is very important. The
15 paint on the back face of the wheel is very important. It's
16 an automotive spec.

17 MR. YOST: So is this the Belville--

18 MR. PIKE: The Belville washer --

19 MR. YOST: --in the hub?

20 MR. PIKE: Excuse me, sir?

21 MR. YOST: Is this the weld between the disk and
22 the hub?

23 MR. PIKE: No, no, no, sir. This is the force
24 provided by the back face of the wheel to the hub on the
25 axle. It's called a Belville Washer effect. It's an

1 automotive spec. That's what holds your wheels on your car.

2 MR. YOST: Okay. Alright, thank you very much.

3 I have no further--

4 MR. WALKER: Can I add something to that,
5 please?

6 MR. YOST: Certainly. Please.

7 MR. WALKER: Tom Walker. Ron is 100 percent
8 right, but he didn't mention one thing. It's a measurable
9 force. And we have 40 pages that Mr. Pike helped us get, 40
10 pages that talks about that measurable force. The lug nuts
11 hold the wheel. And there's a clamp force that's
12 measurable. And all of our single wheels have it, and I
13 believe Zhejiang Jingu also has it. I'm not sure what they
14 have. But all of ours have it.

15 Thank you very much.

16 MR. YOST: Thank you very much. I have no
17 further questions.

18 MR. THOMSEN: Thank you, Mr. Yost. We turn to Mr.
19 Varela.

20 MR. VARELA-MOLENA: I have no questions, thank
21 you.

22 MR. THOMSEN: Thank you, Mr. Varela. Ms.
23 Lawrence?

24 MS. LAWRENCE: Good afternoon. Thank you all
25 for being here and answering all of our questions.

1 I'd like to start off with just something kind of
2 basic just to make sure I'm understanding. Is there any
3 part of the U.S. market that requires imports because
4 domestic producers don't make that specific wheel?

5 MR. WALKER: This is Amanda Walker. I'm going
6 to speak to Mr. Pike's testimony earlier when he said that
7 there's a lot of specifications. It just depends on the
8 vehicle, you know, whether it's an RV or a trailer, if
9 someone has existing tooling to make that disk space and to
10 make that rim.

11 Not everybody has every type of tooling on hand.
12 You know, some people have chosen to spend money on
13 different types of tooling.

14 MS. LAWRENCE: Okay, okay. Thank you.

15 Turning towards standards, the DOT certification,
16 in the Petition the Petitioners discuss that imported
17 components of the wheels, or imported wheels, can be
18 certified once they enter the United States, or they can be
19 certified overseas? Am I understanding that correctly?
20 When does the certification process happen for the imports
21 your purchase?

22 MR. PIKE: This is Ron Pike with Tredit. I'm
23 sure Amanda and Tim can speak to this, also. Every company
24 has their own requirements of our vendor base. Tredit's
25 requirements are that we have third-party testing here in

1 the United States of all wheels provided to us, whether
2 they're steel or aluminum, and certified that cover MVSS
3 specifications, as well as the new 2017 spec that has now
4 been put into effect. The third-party factor--or
5 third-party overseas, there are now labs in China that
6 provide testing. We look at that.

7 The factory naturally provides testing
8 internally. Here again if you're looking at 150 SKUs,
9 testing is quite the investment for any manufacturer to
10 provide the full range of testing, cornering, dynamic, and
11 impact. It's not just one test, it is three tests.

12 So for Tredit, we require third-party, all
13 sizing, as well as factory.

14 MS. LAWRENCE: Thank you. Do other importers
15 have any comments, or would you be willing to comment in the
16 posthearing brief?

17 MS. WALKER: This is Amanda Walker. I've never
18 seen the DOT certify anything. I mean largely it's a
19 compliance thing. The factories get a DOT code. They
20 register. They tell the DOT that they have a recall plan,
21 that they have product liability, and they basically show
22 their ISO documents and things like that.

23 I've never seen a DOT say, okay, you're approved.
24 That just doesn't happen.

25 MS. LAWRENCE: Okay--

1 MS. WALKER: Largely I agree with Ron 100
2 percent. It's third-party testing. It's the ability for
3 maybe somebody on your staff to hustle out to a container
4 and pull two off and send them to an independent lab just to
5 make sure you're getting what you think you're getting, or
6 what you're paying for.

7 MS. LAWRENCE: Okay, thank you. That's helpful.

8 And, Mr. Miller, you mentioned red label on some
9 of the products that were on display earlier this morning.
10 Can you discuss that a little bit more? I was a little
11 unclear what that was.

12 MR. MILLER: Right. So--Tim Miller, Lionshead.
13 There are on many steel wheels of various manufacturers
14 apply, like a warning or a use label, highlighting to make
15 sure that you retorque your wheel every 50 miles, 100 miles,
16 200 miles. And for Jingu, for example, that's red and
17 black.

18 What I was referencing was, within American
19 Wheel--and I think you hear it evident throughout the whole
20 testimony--they've never--unless we bring them up, they're
21 not active in the ST market. And what I was trying to
22 highlight was I'm not even aware of them, and for them to
23 have this unique red use label, which no other manufacturer
24 uses, would really stick out. And you never see it.

25 MS. LAWRENCE: I see. Thank you.

1 Mr. Jin, do you produce wheels with both carbon
2 and the HSLA steel?

3 MR. JIN: High-strength, yes. Carbon no.

4 MS. LAWRENCE: Not carbon? Okay. Do you know,
5 do other Chinese producers?

6 MR. JIN: No, I don't think--I think Jingu is
7 the one that use high-strength and produce the lightest
8 wheels in China. I think my wheel is much less steel--I
9 mean raw material, compared with the Petitioner. That's
10 probably another reason we are more competitive.

11 MS. LAWRENCE: Can you talk about the extent to
12 which production is automated in your facilities in China?
13 You mentioned that the steel wheels are made in some of the
14 older plants.

15 MR. JIN: Yeah, for the trailer wheels mainly we
16 use the manual line. We don't use that automation lines.
17 The auto lines maybe for the passenger car, OEM customer
18 like General Motors, Ford, they have a much higher standard
19 compared with the trailer, and for sure we have a better
20 margin on that. That's one of the reasons why we were put
21 thousands and millions investment on the automation line.
22 But trailers, too much competitive, we will not do that.

23 MS. LAWRENCE: Okay, thank you.

24 Ms. Walker, I'd like to talk more about the ITR
25 torque retention. I just want to make sure that I'm

1 understanding. Is that hub piloted mounting process? Is
2 that entirely a third mounting process?

3 MS. WALKER: This is Ms. Walker. No, that's
4 just stamping. When we stamp the disk, we make the choice
5 to make the coin and bevel lug holes, instead of the
6 straight lug holes.

7 MS. LAWRENCE: Right. Okay. And so the
8 straight lug holes are the stud lug holes, correct?

9 MS. WALKER: Right. And the coin and bevels are
10 also the stud holes also.

11 MS. LAWRENCE; Oh, they are?

12 MS. WALKER: Yes.

13 MS. LAWRENCE; Okay. I see. So then how does
14 that differ from like a hub piloted?

15 MR. TOM WALKER: Tom Walker. It's really not
16 about that. It's about the stud holes and the clamp force.
17 It's not about the pilot, the hub pilot from the stud pilot.
18 It's about protecting the stud holes from paint that could
19 flake off and reduce clamp force. But it's not applicable
20 to whether it's hub pilot or a stud pilot.

21 MS. LAWRENCE: I see.

22 MR. TOM WALKER: It's the way the coating is
23 applied. And if you notice the wheel that we sent around,
24 it wasn't very pretty on the back side because they skimp on
25 the paint on the back so there's nothing to flake off.

1 That's part of it.

2 MS. LAWRENCE: Okay, I see.

3 MR. PIKE: This is Ron Pike, if I can help Tom
4 and Amanda here a little bit, the conical seat is what they
5 refer to. It's a 60-degree temp taper that is machined to a
6 60-degree spec. Wheels, depending on the type of wheel,
7 commercial wheels, you know, as Amanda says it's a mag
8 style, flat face, those are normally heavy industrial truck
9 wheels, 17-5. They use a whole different retention clamp
10 load fasteners, okay? When you get into our business, it's
11 a 60-degree conical. It's a stamping with a machine that
12 puts that bevel in there, because the fastener, the lug nut,
13 has a 60-degree taper. And they mate together.

14 Then you have a torque ratio of anywhere between
15 75 foot pounds up to, depending on the size, Tom's
16 referencing. When you get paint on the back side of the
17 wheel, or paint in the lug area, or clear-coat in the lug
18 area, you get false torque readings.

19 So when you're torqueing your wheel down to your
20 trailer, the manufacturer, keep in mind he's building 50 a
21 day, he gets--when you clear those areas and they're
22 cleaned, we know we've got good torque retention. And back
23 to what Tim is saying, you have to make sure. This is
24 serious stuff. When you deliver an RV, they don't put them
25 on a truck like a car and take it to the dealer. They hook

1 them onto the back of a dualie and go down the road with it.
2 And the ITR system which is Improved Torque Retention, is an
3 automotive spec manufactured into the trailer's center. Not
4 everybody can do it. But it's for the consumer.

5 MR. MILLER: If I can add just one other comment.
6 The reason we're so focused on torque, and Ron has mentioned
7 obviously wheel-offs -- you mention that to any of us, that
8 "pit of the stomach, I'm gonna get sick" kind of moment is
9 what you experience. But what the panel needs to understand
10 is the load ratings.

11 And we've kind of talked about this. S/T wheels,
12 tires, these loads are two and a half to three times greater
13 than automotive. So these are the pack mules of tires. So
14 this goes on an 8,000 pound axle, a 10,000 pound axle.
15 We've got, even within this range, at a 16" 8-lug wheel,
16 you've got load carrier requirements up to 4,400 pounds a
17 wheel, okay? So nearly 9,000 pounds per axle. So we get
18 intimately focused on the physics of true torque.

19 And kind of bringing all these concepts together,
20 basically what stud-piloted means that what you need to do
21 is "true-up" each stud gradually in a star pattern because
22 it's the cumulative effect of all of those five, six or
23 eight studs that need to be trued-up in partnership.

24 With a hub-piloted wheel, what that's going to
25 say is that hub is what's really guiding that wheel to the

1 face. Okay? So I mean, you've got a little bit more
2 latitude. The way you torque that wheel is different. But
3 no matter what we're focused on, especially these wheels
4 that the petitioner is requesting, it's all about that true
5 torque level.

6 So back to, if there's excess paint, if you have
7 anything at all -- in fact, you even hear stories of
8 manufacturers that kept their tire and wheel assemblies out
9 in the snow, there was ice on the back of that wheel. They
10 thought they were torquing true to the hub face of the axle,
11 the ice melts. They never got true torque. So the craziest
12 things can happen from exiting Tredit's plant to going to
13 their OEM.

14 And we spend a lot of our time fixated on true
15 torque because the way each stud interacts, and the physics
16 of having six studs instead of eight, and the difference in
17 the load-carry capacity, and the true torque available in
18 each of those different examples, is materially different.
19 And it's the difference between a successful application and
20 a potential wheel-off.

21 MS. LAWRENCE: Thank you. That's very helpful to
22 clarify my understanding. I really appreciate your
23 responses. So this ITR torque retention technology that's
24 in the manufacturing process, that is a Chinese technology
25 that's not in the U.S. Is that correct?

1 MS. AMANDA WALKER: I think that Jingu and Shiman
2 make it. I think you guys call it low-maintenance torque,
3 LMT, recalled ITR, they're almost identical, but we came to
4 that as the importers out of innovation and need from the
5 customer.

6 MS. LAWRENCE: Thank you.

7 MR. TOM WALKER: I'd like to add to that also,
8 please. You know, it's not about geography. It's about
9 automotive technology. Previously -- were flat-backed. No
10 coded -- nothing. Just flat. And so all the wheels had
11 stickers that say "retighten lug nuts at 50 miles and 150
12 miles and 200 miles." Well, Granny never tightened the lug
13 nuts on her Lincoln, so all weekend, with Mr. Pike's help,
14 was to use automotive centers. Wasn't rocket science, but
15 it made a big difference. Not anybody here is doing that.

16 MS. LAWRENCE: Thank you. Okay, switching to
17 mobile home rim production. Mr. Jin, do you produce rims
18 only and export those to the United States for the rims only
19 that are used in mobile homes?

20 MR. JIN: No.

21 MS. LAWRENCE: Are you familiar with other
22 Chinese producers do that?

23 MR. JIN: Rim? You mean rim?

24 MS. LAWRENCE: The rims. Just the outside
25 circle.

1 MR. JIN: I don't think so.

2 MS. LAWRENCE: Okay, thank you. And with the
3 coating process that was demonstrated in the map that we
4 received this morning, do Chinese producers all do the same
5 e-coating and painting process or galvanizing process?

6 MR. JIN: Yes. We do the same.

7 MS. LAWRENCE: Okay, thank you. All right.
8 That's all the questions I have. Thank you very much for
9 your answers.

10 MR. THOMSEN: Thank you very much, Ms. Lawrence.
11 I do have a few questions that I would like to ask myself.
12 This is Craig Thomsen, Office of Investigations. I'm first
13 going to start off with Mr. Jiayan. You had said that
14 you're opening a plant in Chanku next year. How does that
15 capacity compare to the ones in Chengdu and Jindao that
16 you're going to be closing?

17 MR. JIN: I think I put it in questionnaire that
18 the new Chanku plant capacity will be a little bit less if
19 we combine the Chingkao and the Chengdu.

20 MR. THOMSEN: And is that incorporating
21 out-of-scope products as well? Or is that if it is
22 production completely on trailer wheels?

23 MR. JIN: The whole plan to have all passenger
24 car line and the truck line, and also the trailer line to
25 replace the Chengdu end -- .

1 MR. THOMSEN: Okay. So your capacity limitation
2 there would be the limitation of that certain line for the
3 trailer wheels; is that correct?

4 MR. JIN: Correct.

5 MR. THOMSEN: Okay. Thank you. Okay, I guess
6 I'll try to go a little chronologically here. My first
7 question is actually for Ms. Kao. You had noted in your
8 opening that the demand for trailer wheels outstrips the
9 domestic capacity to produce them. Do you have, can you say
10 that for the record, any third-party statistics that show
11 that type of demand?

12 MS. KAO: We can address that in our
13 post-conference brief, but that's based on our understanding
14 of the market and the demand that you've heard the
15 purchasers here offer up is what they need for their
16 customers. But we'll address that in our post-conference.

17 MR. THOMSEN: Great, that would be wonderful.
18 Okay, Mr. Ochs, you had said that your members in the RV
19 association said that there were lack of timely deliveries
20 from the domestic producers. In the post-hearing brief, can
21 you support, provide any supporting documentation for that?

22 MR. OCHS: Yes, most of it is anecdotal, but I
23 will go back to them and get numbers to go with it.

24 MR. THOMSEN: Great. Firsthand documentation is
25 always preferred in terms of e-mails rather than just

1 stories.

2 MR. OCHS: Right.

3 MR. THOMSEN: All right, thank you. Along the
4 same lines, Ms. Walker, in terms of supporting
5 documentation, you had noted that there was a 16-day order
6 confirmation that you had had recently from them. I would
7 also ask that you submit that for the record in your
8 post-conference brief if you can.

9 MS. AMANDA WALKER: Yes, I'd be happy to post the
10 Lacie Butwell problem. We have photos and we have
11 correspondence with Mr. Pizzola. Also I have correspondence
12 with Mrs. Bowen about her 16-day turnaround. And we have it
13 in e-mail form. We'd be happy to do it.

14 MR. THOMSEN: Thank you. I'll just stay with you
15 for a couple more questions if that's all right. Okay, you
16 said that you had your interaction in July, 2008, with
17 Dexstar and I was just wondering how the prices in that
18 interaction compared with the prices you have for your
19 wheels that you're sourcing from -- ?

20 MS. AMANDA WALKER: That was July of '18, I
21 apologize if I didn't enunciate. It's really just last
22 month. You know, they are on par. They were very similar.
23 What was costly is that they didn't confirm the order. That
24 cost me time and money with the people we were trying to get
25 to at OE. Also, they didn't really have a good way to get

1 me the product. I mean we ended up sending a truck and I
2 think we backhauled. We have seventeen trucks of our own.
3 We ended up backhauling from Elkhart to Hampton, Iowa. So
4 it was time-consuming, cumbersome.

5 MR. THOMSEN: Okay, thank you. You also noted
6 that there is a decreased number of suppliers of trailer
7 wheels. In your testimony, you specifically said CRC rim
8 back in 2003. There was an earlier question in the first
9 round about, if there had been any closures of suppliers in
10 there. Are you aware of any other closures since that time?

11 MS. AMANDA WALKER: You know, thank you so much
12 for asking me this. You know, I really take point to some
13 of Mr. Stewart's testimony. I found it not correct. There
14 are capabilities at Carlstar. They have two full trailer
15 lines in California. U.S. Wheel has full trailer lines and
16 so does Allied. They have just evolved and chosen to make
17 ATV wheels. They've chosen to make car wheels, road wheels,
18 things that are more profitable. They chose not to stay
19 stagnant.

20 MR. THOMSEN: Okay. Again, any documentation
21 that you have would be great to supply.

22 MS. AMANDA WALKER: You know, we -- this side of
23 the table had a lot of support from Allied, and about how
24 they had made changes because they could make more money in
25 other segments.

1 MR. THOMSEN: Okay.

2 MS. AMANDA WALKER: Also, Carlisle wasn't sitting
3 with the petitioners. You know, that would be really an
4 indicator that they were along for the ride on the trailer
5 wheels. But they're not here.

6 MR. THOMSEN: Sure.

7 MS. AMANDA WALKER: Thank you.

8 MR. THOMSON: Okay, thank you. And we've been
9 talking a lot about your ITR wheels. Do you sell wheel
10 assemblies that do not have wheels that have the ITR
11 technology?

12 MS. AMANDA WALKER: Yes, my father mentioned
13 that. Our large base format, our 16" dual is a flow-form
14 center, so it's made like a lathe. You take a larger piece
15 of steel. You spin it, you put the contours in and you put
16 support where you need it under the rim-face, like, where it
17 attaches to the rim, you can make it heavier. That doesn't
18 have ITR, that has what we call the straight lug hole,
19 because it is, like Mr. Pike mentioned earlier, a
20 heavy-duty application for a more than 4,000 pound tire.
21 And they just don't need it.

22 MR. THOMSEN: Okay.

23 MS. AMANDA WALKER: I think about like a car
24 hauler.

25 MR. THOMSEN: Right.

1 MS. AMANDA WALKER: Thank you.

2 MR. THOMSEN: And do you have other wheels are
3 nonheavy-duty application that you sell, you know, as if the
4 ITR was an add-on that you could buy the base or you could
5 go with the ITR wheel?

6 MS. AMANDA WALKER: No. We have 293
7 specifications of ITR wheels from 12- to the 16" single,
8 that's what we offer.

9 MR. THOMSEN: Okay.

10 MS. AMANDA WALKER: Thank you.

11 MR. THOMSEN: Thank you. And this is for you or
12 Mr. Pike. Do you have any patents, trademarks on this type
13 of technology?

14 MR. PIKE: This is Ron Pike. No we don't.

15 MR. THOMSEN: Okay. Ms. Walker?

16 MS. WALKER: No, we don't. It's readily
17 available at OE for automotive wheels.

18 MR. PIKE: This is Ron Pike again. That
19 technology was started by NK Wheel out in Japan many years
20 ago, back in the '70s.

21 MR. THOMSEN: Well the patent would have expired
22 by now.

23 MR. PIKE: As Tom said, Grandma never had to
24 retorque her wheels when she went down the road to Vegas.

25 (Laughter.)

1 MR. THOMSEN: Mr. Miller, you note in your
2 testimony that you had contact with Dexstar three or four
3 years ago. Is that the most recent contact you've had with
4 them?

5 MR. MILLER: Yes--I'm sorry, Tim Miller with
6 Lionshead--Yes.

7 MR. THOMSEN: Okay. And actually this is for Mr.
8 Miller, Ms. Walker, and Mr. Pike.

9 Do any of you sell rims for mobile homes?

10 MR. MILLER: Tim Miller, Lionshead. No.

11 MR. PIKE: Ron Pike with Tredit. Yes.

12 MS. WALKER: Amanda Walker with Trans Texas. We
13 have no interest in that market.

14 MR. THOMSEN: Okay. My next question is only for
15 you, Mr. Pike. Can you compare the prices for the rims that
16 you see from Dexstar to the ones that you are sourcing from
17 China?

18 MR. PIKE: I don't have avail--we can provide
19 that to you, but that's not readily available to me.

20 MR. THOMSEN: Okay, and do you know if there are
21 any extra features, or technology, embedded in the rims that
22 are coming from China compared to those that are being
23 offered by Dexstar?

24 MR. PIKE: No, sir.

25 MR. THOMSEN: Okay, thank you.

1 And this is in general for anyone on the panel.
2 Have you noticed increasing prices for wheels from your
3 sources in China since the 232 tariffs were put on? I
4 realize it might be an indirect notion, but prices of steel
5 have been increasing in general. And if so, have you
6 increased your prices for assemblies since that April 2017
7 decision, and possibly due to the effects of these
8 increasing steel prices.

9 This might be something that you need to give in
10 a postconference brief to think about it a little bit more,
11 I realize. If that's so--

12 MS.; KAO: Yes, I think we will address that in
13 the postconference.

14 MR. THOMSEN: Great. Thank you.

15 And that's all the questions that I have. I'm
16 going to turn back to my staff to see if there are any
17 follow-ups that they want to ask?

18 (No response.)

19 MR. THOMSEN: Alright, hearing none, that--

20 MR. TOM WALKER: May I--

21 MR. THOMSEN: Sure. Go ahead, Mr. Walker.

22 MR. TOM WALKER: Nobody asked me why I was here--
23 Tom Walker--you know, we have one fellow from Tredit, one
24 fellow from Lionshead, two from Trans Texas. Do you think I
25 don't have confidence in her? She's done this before.

1 She's very good at it. I'm here for one reason. One
2 reason. I came to see Yong Che Ren, a friend of mine who is
3 an alias of Jimmy Young, the CEO of Kenda America, Executive
4 Vice President of Kenda in Taiwan, a friend of mine who
5 knows my wife. I've been fishing with him overnight. I
6 like the guy. Being a friend of mine, I speak frankly to
7 him. And I wanted to talk to him about two things. I
8 wanted to talk to him about how rich he was--friends do
9 that.

10 But he has \$90 million worth of Kenda stock. I
11 also wanted to talk to him about the Republic of China has
12 \$30 million of Kenda stock. So he's subsidized a little bit
13 himself.

14 The last thing that I wanted to talk to him
15 about, he's a friend of mine, a friend. I wanted to talk to
16 him about how brave he was to come to Washington, D.C. But
17 you see he's not here. I was going to tell him how brave he
18 was to be able to sell tires to Iran when Goodyear cannot,
19 and when Michelin cannot, but he does. And he would come to
20 this town that Iran wants to be a nuclear cinder, and it
21 took some guts for him to do that. But he didn't come. So
22 he didn't have any guts. Thank you very much.

23 MR. THOMSEN: Okay, thank you, Mr. Walker. Since
24 this ends the questioning that we have, we will now turn to
25 the closing statements and rebuttals.

1 MS. BELLAMY: Closing remarks on behalf of the
2 Petitioner, Terrence B. Stewart of Stewart & Stewart. Mr.
3 Stewart, you have 10 minutes.

4 CLOSING STATEMENT OF TERENCE P. STEWART

5 MR. STEWART: Thank you. First, let me start by
6 thanking the Commission staff for their attention and
7 interest today in this case.

8 What we didn't here from the other side today
9 was anything that suggested that imports from China had not
10 increased absolutely or relative to domestic production. We
11 didn't hear anything that suggested that the evidence of
12 record would show that there's significant price
13 underselling as was identified in the petition and we
14 believe will be shown in the questionnaires.

15 There was an effort to discredit the
16 questionnaire questions on pricing or the pricing products,
17 but we believe that the record will confirm that which we
18 have alleged, which is that they are substantial
19 underselling. And of course, there was no effort to suggest
20 that the domestic industry isn't hurting, hasn't
21 experienced a great deal of declines across the types of
22 factors that you look at.

23 What we did hear in a situation where the facts
24 are pretty much not in dispute. On those issues was a whole
25 host of don't look at the facts, but listen to these things

1 which basically tell you that everything that is happening
2 can't really be happening and it's due to things that are
3 not due to the imports. A pretty interesting starting
4 point, but let's take a look.

5 The first argument was that unrelated assemblers
6 will not buy from Dexstar, but that isn't true. It isn't
7 true in 2018. It wasn't true in 2017, '16 or '15 and it
8 also isn't true that there isn't competition between the
9 Chinese and the related purchasers -- the related
10 assemblers, as you heard today from Mr. Sampson. So there's
11 a great deal of competition between the Chinese and Dexstar
12 at both unrelated and related customers, whether it's true
13 for one or more of the people who appeared in opposition, it
14 is clearly true as you will be able to see from a review of
15 the questionnaire responses you've gotten and from the
16 information we'll supply in the post-conference brief.

17 Second, there was a fairly remarkable claim by
18 Ms. Walker that the domestic industry had been producing no
19 center disks until we were preparing this case and then the
20 company quickly went out and brought in some equipment to
21 produce some center disks to say that they were producing a
22 wheel that was made in America. Well, that, of course, is
23 contradicted by the testimony that you heard this morning
24 from Mr. Pizzola and is obviously contradicted by the
25 information that is in the questionnaire response that

1 you've had from the beginning of the case and that their
2 outside counsel has had under APO, so there's no truth in
3 that like there's no truth in a lot of the things that have
4 been trotted out.

5 We heard a concern from RBA about how the
6 industry would be destroyed if the fair value was required
7 to be paid for steel wheels. Now the number that was thrown
8 out was a \$50 billion number, right? Total imports under
9 the HGS category in 2017 were \$87 million. If you divide
10 those two, you will come up with a figure that says that
11 steel wheels account for 0.18 percent of the RV market even
12 if 100 percent of those wheels went into the RV market.

13 So the concept that this is somehow an
14 earthshaking development that could totally upset the RV
15 market and cause consumers to decide not to buy vehicles --
16 not to buy trailers is simply without merit as it has always
17 been without merit in many of the other arguments. The law
18 has never been about whether or not the domestic industry
19 can supply 100 percent of the demand, so the arguments that
20 somehow you should look at demand trends or take a look at
21 what portion of domestic supply can be made by the domestic
22 producer that has never been part of U.S. law, right? All
23 that U.S. law does is require that the foreign producer who
24 are under investigation price fairly if there's injury to
25 the domestic industry. It doesn't require them to exit the

1 market. It requires them not to sell at a dumped price and
2 not to sell at the benefit of subsidies.

3 So whether Dexstar can produce 5 percent, 30
4 percent, 50 percent, 100 percent has never been a relevant
5 consideration and you have cases and orders in which the
6 domestic industry's capacity has been under 10 percent of
7 apparent consumption and was never an issue before the
8 Commission in terms of whether or not relief should be
9 granted. There were issues -- a lot of discussion
10 obviously of interest in terms of the industry specialist in
11 terms of how the product is made, what the issues in terms
12 of features are, what the features and terms of the designs
13 that you have better grip that was being talked about, the
14 ITR that is not something that is unique to China. That is
15 something that is offered by Dexstar to customers who have
16 an interest in that on their product as well.

17 So there are lots of red herring issues that are
18 out there and the most remarkable of which was the claim
19 that Dexstar's quality is somehow substandard and I won't
20 spend time here going through it because we will be more
21 than happy to put a lot of information into the
22 post-conference brief that will perhaps put that into
23 context, us versus the Chinese, both in terms of quality,
24 in terms of lead time, and in terms of geographic reach.

25 So a lot of red herring issues trotted out, but

1 the underlying fundamental facts never challenged. Imports
2 have soared. Domestic industry is hurting, significant
3 underselling and we face the Chinese at related customers
4 and at unrelated customers in the assembly side and we
5 certainly face it in the after market. Thank you very much.

6 MS. BELLAMY: Closing remarks on behalf of
7 Respondents, Ting-Ting Kao of White & Case, LLP and Ned H.
8 Marshak of Grunfeld. You have 10 minutes.

9 CLOSING STATEMENT OF TING-TING KAO

10 MS. KAO: Thank you very much. Thank you for
11 your time today. You've heard a lot of different
12 information about the market. I'm sure, as you have, I have
13 also learned about the steel trailer wheel market in the
14 last few weeks.

15 One of the things that has definitely been a
16 characteristic of this market is that it is large and that
17 it is undisputed that the Chinese imports supply a lot of
18 the domestic demand. And the fact that there are large
19 imports in and of themselves are not determinative. What we
20 have to take into account is the size of the domestic
21 industry in relation to that. We're not saying that -- you
22 know any indication of any alleged injury here is not by
23 reason of the subject imports.

24 As you've heard from the testimony here, there
25 are several significant non-price factors at issue for the

1 purchasers when they're making their purchasing decisions.
2 These are non-price factors that are for a lot of these
3 purchasers make or break decisions. One of them, as you've
4 heard, that's a key component of their decision is lead
5 time. This is a just-in-time industry. They can't keep
6 things in inventory. It costs money for them to keep
7 product in inventory. As in a lot of the automotive
8 industry, they are structured to move product in, assemble
9 them, and move them out.

10 When they are faced with a supplier that can
11 offer them a competitive lead time versus one that cannot on
12 a consistent basis, they have to make their supply choices
13 based on what's available. And as you've heard from the
14 assemblers here today, they have had consistent problems
15 with lead times from the Petitioner.

16 Second to that or in addition to that, as you've
17 heard, this is not a new phenomenon. This is something that
18 they've been experiencing for a long time. This suggests
19 that there are other capacity issues or other issues here
20 with Dexstar.

21 The other consideration that the folks here
22 testified about was quality. And you've heard that for a
23 large part of the market, the RV market, people purchase
24 based on esthetic considerations. They want a wheel to look
25 a certain way. It has to look a certain way. There are

1 torque considerations. There are design considerations.
2 These are all important factors in determining whether or
3 not a purchaser is going to buy from a particular supplier.

4 The other issue that some of the people here
5 mentioned as well is the supply geographic location and
6 proximity. As you hear, Dexstar has one location in
7 Elkhart, Indiana. That happens to be also where two of the
8 other assemblers here are located; Lion's Head and Tredit
9 are both in Elkhart. But as you've heard, Dexstar has not
10 pursued their business. It's a small market. It's a small
11 industry. They all know each other and for a company that
12 is ostensibly out chasing business they have not approached
13 the biggest assemblers and the biggest purchasers out there
14 in the market for steel trailer wheels.

15 Whether that's because they would prefer to sell
16 internally to their own divisions or because they've already
17 reached capacity and are not able to meet the demands of
18 these assemblers that may be the case, but then again,
19 that's not because of subject imports. And again, I think
20 we have to go back to whatever difficulties Dexstar may be
21 experiencing.

22 The fundamental question here is whether they
23 are experiencing those difficulties by reason of the subject
24 imports. And as you've heard, there are numerous reasons
25 why purchasers are not purchasing from Dexstar. Price was

1 not one of the reasons that was highlighted by the witnesses
2 here today. Prices, as you've heard from some, are
3 comparable. You've even heard there are folks who would
4 love to buy from an American producer if it was a viable
5 option, but because of the non-price factors that you heard
6 about today they are not a viable option. And in order to
7 stay in business, in order to be competitive, in order to
8 survive in their own businesses they have to seek a viable
9 option that can supply in the volumes they need with the
10 lead times they need and the quality that they need. And
11 that's just not been available from the domestic industry.

12 The other thing I would like to add too about
13 the pricing information, as you've heard today there is some
14 inconsistencies and maybe some questions about the
15 reliability of that data. We won't go into detail here
16 about it since some of it is proprietary -- I'm sorry, is
17 confidential -- but I think it is important to keep in mind
18 some of these factors that affect the OEM assembler market
19 -- the fact that Dexstar is not competing head-to-head with
20 these other assemblers, the fact that there are some pricing
21 differences between the after market and the assembler OEM
22 market. That, I think, has to be taken into consideration
23 when looking at whatever the final pricing data looks like.
24 And of course, we'll also be looking carefully at that
25 because I think it is important that -- given the amount of

1 information that we have here, it is important that we take
2 that into consideration in looking at any pricing trends
3 that might appear because the inconsistencies and I think
4 some of the questions about its reliability have to be taken
5 into account in the Commission's determination and analysis.

6 Finally, I would just add the amount of imports
7 that -- I guess I should say the demand that the RV
8 industry and the trailer wheel industry, at large, is
9 experiencing it is clearly beyond the capacity of that the
10 domestic industry can produce, even it were operating at
11 three shifts, full on, 24/7. We can provide more detailed
12 numbers in our post-conference brief, but it is clear that
13 the volumes that we're talking about here, the thousands of
14 trailers with each trailer requiring four to five, six
15 wheels, depending on the size. I think I heard one person
16 estimate around 2.5 million wheels. That's a lot of wheels.
17 And that's certainly more wheels than what the domestic
18 industry can supply and it's certainly consistent with the
19 long lead times that we've been hearing about from the
20 purchasers here.

21 Again, I would go back to the fact that we had
22 three large assemblers here. We had the domestic industry
23 say that the assembly market is 70 percent of the market,
24 and yet, despite that fact we've heard the three assemblers
25 here say that they are not able to purchase from Dexstar for

1 numerous reasons, not because of price reasons, but because
2 of quality reasons, because of lead time reasons, and
3 because of geographic distribution reasons and volume --
4 volume being another huge consideration.

5 As you've heard, these companies rely on a
6 reliable supply of wheels in sufficient quantities to meet
7 their business demands. If they can't get that, they can't
8 operate. You have tires sitting in the warehouse that have
9 nowhere to go and you have OEM manufacturers that don't have
10 wheel assemblies to put on them. That would kill these
11 businesses. And so I would like for you to keep these facts
12 in your mind as you look at the data, look at the facts, and
13 particularly, as it relates to the alleged injury to the
14 domestic industry. Again, whatever alleged injury there
15 might be it is not because of the subject imports. And with
16 that, thank you.

17 MR. MARSHAK: I have very little to add.
18 Everything was said --

19 MS. BELLAMY: You have 30 seconds.

20 MR. MARSHAK: Thirty seconds. And I have
21 probably absolutely nothing to add. Two points -- one, Mr.
22 Stewart talked about what you didn't hear today. What you
23 didn't hear from us is because it's confidential and it's
24 going to be in our brief and we think the facts and the data
25 is going to support our position.

1 And the second thing, Mr. Stewart made a
2 statement about what Ms. Walker said about Dexstar procuring
3 centers. Please read the transcript carefully about what
4 Ms. Walker said because I think what she said was very
5 factual and we'll say more about that in our post-hearing
6 brief. Thank you.

7 MR. THOMSEN: Thank you, Mr. Marshak. And on
8 behalf of the Commission and the staff, I'd like to thank
9 the witnesses who came here today, as well counsel, for
10 helping us gain a better understanding of the product and
11 the conditions of competition in the steel trailer wheels
12 industry.

13 Before concluding, please let me mention a few
14 dates to keep in mind. The deadline for submission of
15 corrections to the transcript and for submission of
16 post-conference brief is Tuesday, September 4. If briefs
17 contain business proprietary information, a public version
18 is due on Wednesday, September 5.

19 The Commission has tentatively scheduled its
20 vote on these investigations for Friday, September 21 and it
21 will report its determinations to the Secretary of the
22 Department of Commerce on Monday, September 24.
23 Commissioners' opinions will be issued on Monday, October 1.
24 Thank you all for coming. This conference is adjourned.

25 [Whereupon the meeting was adjourned at 3:31

1 p.m.]
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CERTIFICATE OF REPORTER

TITLE: In The Matter Of: STEEL TRAILER WHEELS FROM CHINA

INVESTIGATION NO: 701-TA-609 and 731-TA-1421

CONFERENCE DATE: 8-29-18

LOCATION: Washington, DC

NATURE OF CONFERENCE: (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: 8-29-2018

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: Duane Rice

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: Gaynell T. Catherine

Signature of Court Reporter