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A-570-040
Investigation
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MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Gary Taverman *GT*
Associate Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Truck and Bus Tires from the People's Republic of China:
Decision Memorandum for Preliminary Affirmative
Determinations of Sales at Less Than Fair Value and Critical
Circumstances, and Postponement of Final Determination

I. SUMMARY

The Department of Commerce (the Department) preliminarily determines that imports of truck and bus tires from the People's Republic of China (the PRC) are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are shown in the "Preliminary Determination" section of the accompanying *Federal Register* notice.

II. BACKGROUND

On January 29, 2016, the Department received an antidumping duty (AD) petition covering imports of truck and bus tires from the PRC,¹ which was filed in proper form on behalf of United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (the petitioner). The Department initiated this investigation on February 18, 2016.²

On March 24, 2016, the Department issued quantity and value (Q&V) questionnaires to companies identified in the Petition.³ On April 18, 2016, in accordance with section 777A(c)(2)(B) of the Act, the Department selected the two exporters accounting for the largest volume of truck and bus tires from the PRC during the period of investigation (POI), *i.e.*, Double Coin Holdings Ltd. (Double Coin) and Prinx Chengshan (Shandong) Tire Co., Ltd. (PCT), for

¹ See "Petition for the Imposition of Antidumping Duties on Imports of Truck and Bus Tires from the People's Republic of China," dated January 29, 2016 (the Petition).

² See *Truck and Bus Tires From the People's Republic of China: Initiation of Antidumping Duty Investigation*, 81 FR 9434 (February 25, 2016) (*Initiation Notice*).

³ See Quantity and Value Questionnaire for the Antidumping Duty Investigation of Truck and Bus Tires from the People's Republic of China dated March 24, 2016 (Q&V Questionnaire).



individual examination.⁴

Additionally, in the *Initiation Notice*, the Department notified parties of an opportunity to comment on the scope of the investigation, as well as the appropriate physical characteristics of truck and bus tires to be reported in response to the Department's AD questionnaire.⁵ On March 9, 2016, Tyres International filed comments on the scope of the investigation.⁶ On March 21, 2016, the petitioner filed a rebuttal to Tyres International's scope comments.⁷

On March 11, 2016, the Department placed on the record a list of potential surrogate countries.⁸ On March 14, 2016, the Department invited interested parties to comment on the selection of the primary surrogate country and provide surrogate values (SVs) information.⁹ We received comments on the selection of the primary surrogate country and SVs information from the petitioner,¹⁰ Double Coin,¹¹ and PCT.¹² The petitioner and Double Coin also submitted rebuttals to the surrogate value information.¹³

On April 21, 2016, the Department issued its AD questionnaire to Double Coin and PCT.¹⁴ The Department received responses to the AD questionnaire from Double Coin¹⁵ and PCT.¹⁶ The Department then issued supplemental questionnaires to PCT and it responded to the

⁴ See Memorandum to Deputy Assistant Secretary Christian Marsh entitled "Antidumping Duty Investigation of Truck and Bus Tires from the People's Republic of China: Respondent Selection," dated April 18, 2016 (Respondent Selection Memorandum).

⁵ See *Initiation Notice*, 81 FR at 9435.

⁶ See Tyres International's Letter, "Tyres International Scope Comments in the Antidumping and Countervailing Duty Investigations on Certain Truck and Bus Tires from the People's Republic of China (Case Nos. A-570-040, C-570-041)," dated March 9, 2016.

⁷ See the petitioner's Letter, "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's Rebuttal Scope Comments," dated March 21, 2016.

⁸ See Memorandum entitled "Request for a List of Surrogate Countries for an Antidumping Duty Investigation of Truck and Bus Tires ('TBTs') from the People's Republic of China ('China')," dated March 11, 2016 (Office of Policy Memorandum).

⁹ See the Department's Letter to All Interested Parties, "Antidumping Duty Investigation of Truck and Bus Tires from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated March 14, 2016 (Surrogate Country and Values Comments Invitation Letter).

¹⁰ See the petitioner's Letters, "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's Comments on Surrogate Country Selection," dated May 3, 2016, "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's First Surrogate Value Submission," dated June 17, 2016 (the petitioner's SV Comments 1), and "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's Second Surrogate Value Submission" dated July 27, 2016 (the petitioner's SV Comments 2).

¹¹ See Double Coin's Letter, "Double Coin's Surrogate Value Comments," dated June 17, 2016 (Double Coin's SV Comments).

¹² See PCT's Letter, "Truck and Bus Tires from China: Surrogate Value Submission of Prinx Chengshan (Shandong) Tire Co., Ltd.," dated June 20, 2016 (PCT's SV Comments).

¹³ See the petitioner's Letter, "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's First Rebuttal Surrogate Value Submission," dated July 1, 2016 and Double Coin's Letter, "Double Coin's Rebuttal Surrogate Value Comments," dated July 1, 2016.

¹⁴ See the AD questionnaire to Double Coin and PCT dated April 21, 2016.

¹⁵ See Double Coin's section A response dated May 23, 2016, section C response dated June 7, 2016, and section D responses dated June 7, 2016, and June 14, 2016.

¹⁶ See PCT's section A response dated May 18, 2016, section C response dated June 9, 2016, and section D response dated June 16, 2016.

supplemental questionnaires.¹⁷ The Department did not issue a supplemental questionnaire to Double Coin because we preliminarily find it ineligible for a separate rate.¹⁸ The petitioner submitted comments with respect to the responses submitted by these two respondents.¹⁹

The Department received timely separate rate applications (SRA) from 111 companies.²⁰ From June to August 2016, the Department issued, and received responses to, separate rate supplemental questionnaires.

The Department is conducting this investigation in accordance with section 733(b) of the Act.

III. SELECTION OF RESPONDENTS

Section 777A(c)(1) of the Act directs the Department to calculate an individual weighted average dumping margin for each known exporter and producer of the subject merchandise. However, section 777A(c)(2) of the Act gives the Department discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to make individual weighted average dumping margin determinations because of the large number of exporters and producers involved in the investigation. Pursuant to section 777A(c)(2) of the Act, the Department may limit its examination to: (A) a sample of exporters, producers or types of products that the Department determines is statistically valid based on the information available to the Department at the time of selection, or (B) exporters and producers accounting for the largest volume of the subject merchandise from the exporting country that the Department determines can be reasonably examined. In selecting respondents in this AD proceeding, the Department found that, because of the large number of companies involved in the investigation and its limited resources, it was most appropriate to select respondents that account for the largest volume of the subject merchandise that can reasonably be examined, pursuant to section 777A(c)(2)(B) of the Act.

In the *Initiation Notice*, the Department stated its intent to base respondent selection on the responses to Q&V questionnaires.²¹ On March 24, 2016, the Department issued the Q&V questionnaire to companies identified in the Petition.²² In addition, the Department posted the Q&V questionnaire on its website and, in the *Initiation Notice*, invited parties that did not receive a Q&V questionnaire from the Department to file a response to the Q&V questionnaire by the applicable deadline if they wished to be included in the pool of companies from which the Department would select mandatory respondents.²³ We received 111 timely Q&V questionnaire

¹⁷ See PCT's supplemental responses dated August 4, 2016 and August 19, 2016.

¹⁸ See the "Companies Not Receiving a Separate Rate" section below.

¹⁹ See the petitioner's rebuttal comments dated June 10, 2016, June 29, 2016, July 1, 2016, and August 9, 2016.

²⁰ Two of the 111 SRAs were filed by Double Coin and PCT. Because we selected these companies for individual examination and reviewed their section A responses, we did not examine their SRAs. Also, Michelin Asia-Pacific Export (HK) Limited and Michelin Shenyang Tire Co., Ltd., separately filed SRAs but both SRAs explained that Michelin Asia-Pacific Export (HK) Limited exported the subject merchandise produced by Michelin Shenyang Tire Co., Ltd. We counted these two SRAs as one SRA.

²¹ See *Initiation Notice*, 81 FR at 9438.

²² See Q&V Questionnaire.

²³ *Id.*

responses.²⁴ However, 102 companies within the PRC-wide entity received the Q&V questionnaire but failed to respond to the Department's request for Q&V information.²⁵ On April 18, 2016, the Department limited the number of respondents selected for individual examination to the two exporters accounting for the largest volume of exports from the PRC to the United States during the POI that could be reasonably examined, *i.e.*, Double Coin and PCT.²⁶

IV. PERIOD OF INVESTIGATION

The POI is July 1, 2015, through December 31, 2015. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition, which was January 2016.²⁷

V. SCOPE COMMENTS

In accordance with the *Preamble* to the Department's regulations,²⁸ we set aside a period of time until March 9, 2016, for parties to comment on product coverage (scope) and product characteristics.²⁹ On March 9, 2016, Tyres International filed comments on the scope of the investigation.³⁰ On March 21, 2016, the petitioner filed a rebuttal to Tyres International's scope comments.³¹ Based on our analysis of these comments, we preliminarily find no compelling reason to amend or modify the scope of this investigation. For a full discussion of all scope comments, *see* Preliminary Scope Decision Memorandum.³²

VI. SCOPE OF THE INVESTIGATION

The scope of the investigation covers truck and bus tires. Truck and bus tires are new pneumatic tires, of rubber, with a truck or bus size designation. Truck and bus tires covered by this investigation may be tube-type, tubeless, radial, or non-radial.

Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have one of the following suffixes in their tire size designation, which also appear on the sidewall of the tire:

²⁴ *See* Respondent Selection Memorandum at Attachment for the list of all companies that filed their response to the Q&V Questionnaire.

²⁵ *See* Memorandum to the File entitled, "Truck and Bus Tires from the People's Republic of China: Companies without Q&V Responses and Separate Rate Applications," dated June 22, 2016. None of these companies filed SRAs.

²⁶ *See* Respondent Selection Memorandum.

²⁷ *See* 19 CFR 351.204(b)(1).

²⁸ *See Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

²⁹ *See Initiation Notice*, 81 FR at 9435.

³⁰ *See* Tyres International's Letter, "Tyres International Scope Comments in the Antidumping and Countervailing Duty Investigations on Certain Truck and Bus Tires from the People's Republic of China (Case Nos. A-570-040, C-570-041)," dated March 9, 2016.

³¹ *See* the petitioner's Letter, "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's Rebuttal Scope Comments," dated March 21, 2016.

³² *See* Memorandum to Associate Deputy Assistant Secretary Gary Taverman entitled, "Truck and Bus Tires from the People's Republic of China: Preliminary Scope Decision Memorandum," dated concurrently with this memorandum (Preliminary Scope Decision Memorandum).

TR – Identifies tires for service on trucks or buses to differentiate them from similarly sized passenger car and light truck tires;

MH – Identifies tires for mobile homes; and

HC – Identifies a 17.5 inch rim diameter code for use on low platform trailers.

All tires with a “TR,” “MH,” or “HC” suffix in their size designations are covered by this investigation regardless of their intended use.

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

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

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

The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1015 and 4011.20.5020. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, and 8708.70.6060. On August 26, 2016, the Department included HTSUS subheadings 4011.69.0020, 4011.69.0090, and 8716.90.5059 to the case reference files, pursuant to requests by U.S. Customs and Border Protection and the petitioner.³³

While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

VII. PRODUCT CHARACTERISTICS

In the *Initiation Notice*, we set aside a period of time for parties to raise issues regarding product characteristics.³⁴ On March 9, 2016, the petitioner provided product characteristics comments.³⁵

³³ See Memorandum to the File entitled, “Requests from Customs and Border Protection and the Petitioner to Update the ACE Case Reference File,” dated August 26, 2016.

³⁴ See *Initiation Notice*, 81 FR at 9435-36.

³⁵ See the petitioner’s Letter, “Truck and Bus from the People’s Republic of China (A-570-040): Petitioner’s

We received no comments from other interested parties concerning product characteristics. We took the petitioner's comments into consideration in determining the physical characteristics in the AD questionnaire.³⁶

VIII. CRITICAL CIRCUMSTANCES

On August 2, 2016, the petitioner filed a timely allegation, pursuant to section 733(e)(1) of the Act and 19 CFR 351.206(c)(1), alleging that critical circumstances exist with respect to imports of the merchandise under consideration.³⁷ On August 8, 2016, the Department requested shipment data from PCT concerning the critical circumstances allegation. PCT responded to the Department's request for shipment data on August 15, 2016.³⁸ Although the Department did not request U.S. shipment data from Double Coin concerning the critical circumstances allegation, on August 12, 2016, Double Coin submitted U.S. Shipment data. Because this data was unsolicited and untimely filed new factual information, we rejected Double Coin's submission in accordance with 19 CFR 351.302(d)(1).³⁹

In accordance with 19 CFR 351.206(c)(2)(i), when a critical circumstances allegation is submitted more than 20 days before the scheduled date of the preliminary determination, the Department must issue a preliminary finding of whether there is a reasonable basis to believe or suspect that critical circumstances exist no later than the date of the preliminary determination.

A. Legal Framework

Upon receipt of a timely allegation of critical circumstances, the Department will determine whether there is a reasonable basis to believe or suspect that: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should know that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales; and (B) there were massive imports of the subject merchandise over a relatively short period.⁴⁰

Further, 19 CFR 351.206(h)(1) provides that, in determining whether imports of the subject merchandise have been "massive," the Department normally will examine: (i) the volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition, 19 CFR 351.206(h)(2) provides that, "in general, unless the imports during the 'relatively short period' . . . have increased by at least 15 percent over the imports during an immediately preceding period of comparable duration, the Secretary will not consider the imports massive." A "relatively short period" is generally defined as the period starting on the date the proceeding begins (*i.e.*, the date the Petition is filed) and ending at least

Comments on Product Characteristics," dated March 9, 2016.

³⁶ See the AD questionnaire to Double Coin and PCT dated April 21, 2016.

³⁷ See Truck and Bus from the People's Republic of China (A-570-040): Petitioner's Critical Circumstances Allegation dated August 2, 2016 (Critical Circumstances Allegation).

³⁸ See PCT's Letter dated August 15, 2016.

³⁹ See Letter to Double Coin dated August 24, 2016.

⁴⁰ See section 733(e)(1) of the Act.

three months later.⁴¹ If the Department “finds that importers, or exporters or producers, had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely,” then the Department may consider a period of not less than three months from that earlier time.⁴²

B. Critical Circumstances Allegation

In its allegation, the petitioner explains that there are current AD orders on truck and bus tires from the PRC in Brazil, Colombia, Egypt, Eurasian Economic Commission (including Belarus, Kazakhstan, and Russia), India, and Turkey.⁴³ The petitioner also contends that, based on the preliminary determination of injury by the U.S. International Trade Commission (ITC), there is a reasonable basis to impute importers’ knowledge that material injury is likely by reason of such imports.⁴⁴

Finally, as part of its allegation and pursuant to 19 CFR 351.206(h)(2), the petitioner submitted import statistics for the subject merchandise covered by the scope of this investigation for the period October 2015 through May 2016 as evidence of massive imports of truck and bus tires from the PRC during a relatively short period.⁴⁵ The petitioner specifically argues that imports of truck and bus tires from the PRC have been massive in the four-month comparison period (February – May 2016) compared to the four-month base period (October 2015 – January 2016) with an 18.4 percent increase in quantity and a 13.0 percent increase in value.

C. Analysis

The Department’s normal practice in determining whether critical circumstances exist pursuant to the statutory criteria has been to examine evidence available to the Department, such as: (1) the evidence presented in the petitioner’s critical circumstances allegation; (2) import statistics released by the ITC; and (3) shipment information submitted to the Department by the respondents selected for individual examination.⁴⁶ As further provided below, in determining whether the above statutory criteria have been satisfied in this case, we have examined: (1) the evidence presented in the petitioner’s August 2, 2016, allegation; (2) information obtained since the initiation of this investigation; and (3) the ITC’s preliminary injury determination.

We considered each of the statutory criteria for finding critical circumstances below.

Section 733(e)(1)(A)(i) of the Act: History of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise

⁴¹ See 19 CFR 351.206(i).

⁴² *Id.*

⁴³ See Critical Circumstances Allegation at 3-4 and Attachments 1 and 2.

⁴⁴ *Id.*, at 3-6.

⁴⁵ *Id.*, and Attachment 3.

⁴⁶ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances: Circular Welded Carbon Quality Steel Pipe from the People's Republic of China*, 73 FR 31970, 31972-73 (June 5, 2008); and *Final Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances: Small Diameter Graphite Electrodes from the People's Republic of China*, 74 FR 2049, 2052-53 (January 14, 2009).

In order to determine whether there is a history of dumping pursuant to section 733(e)(1)(A)(i) of the Act, the Department generally considers current or previous AD orders on subject merchandise from the country in question in the United States and current orders in any other country with regard to imports of subject merchandise.⁴⁷ There have been no previous orders on truck and bus tires from the PRC in the United States, but the ITC identified six active AD orders on truck and bus tires from the PRC in other countries.⁴⁸ As a result, the Department preliminarily finds that there is a history of injurious dumping of truck and bus tires from the PRC pursuant to section 733(e)(1)(A)(i) of the Act.⁴⁹

Section 733(e)(1)(B) of the Act: Whether there have been massive imports over a relatively short period

In determining whether imports of the subject merchandise were “massive,” the Department normally will examine: (i) The volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports.⁵⁰ In addition, 19 CFR 351.206(h)(2) provides that, “{i}n general, unless the imports during the ‘relatively short period’... have increased by at least 15 percent over the imports during an immediately preceding period of comparable duration, the Secretary will not consider the imports massive.”⁵¹ A “relatively short period” is generally defined as the period starting on the date the proceeding begins (*i.e.*, the date the Petition is filed) and ending at least three months later (*i.e.*, the comparison period).⁵² If the Department “finds that importers, or exporters or producers, had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely,” then the Department may consider a period of not less than three months from that earlier time.⁵³ The comparison period is normally compared to a corresponding period prior to the filing of the Petition (*i.e.*, the base period).

The petitioner contends that imports of truck and bus tires from the PRC into the United States since the Petition was filed on January 29, 2016, were massive and indicative of U.S. importers of PRC-origin truck and bus tires building inventory in the United States in order to avoid the imposition of antidumping duties.⁵⁴

⁴⁷ See, e.g., *Certain Oil Country Tubular Goods From the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination*, 74 FR 59117, 59120 (November 17, 2009), unchanged in *Certain Oil Country Tubular Goods from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, Affirmative Final Determination of Critical Circumstances and Final Determination of Targeted Dumping*, 75 FR 20335 (April 19, 2010).

⁴⁸ See Critical Circumstances Allegation at 4 and Attachment 2.

⁴⁹ See *Certain Cold-Rolled Steel Flat Products from the Russian Federation: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 81 FR 12072 (March 8, 2016), and accompanying Preliminary Decision Memorandum at 11.

⁵⁰ See 19 CFR 351.206(h)(1).

⁵¹ See 19 CFR 351.206(h)(2).

⁵² See 19 CFR 351.206(i).

⁵³ *Id.*

⁵⁴ See Critical Circumstances Allegation at 6-9.

The petitioner included in its submission U.S. import data collected from the ITC's Dataweb for the period October 2015 through May 2016.⁵⁵ Based on these data, the petitioner calculated the monthly average imports for the base period (*i.e.*, imports for October 2015 through January 2016) and for the comparison period to date (*i.e.*, imports for February through May 2016) and claimed an increase of imports of truck and bus tires from the PRC by 18.4 percent in quantity and by 13.0 percent in value during the three-month comparison period over the three month base period. Thus, the petitioner concluded that there were massive imports during a relatively short period.⁵⁶

It is the Department's practice to base the critical circumstances analysis on all available data, using base and comparison periods of no less than three months.⁵⁷ Based on this practice, we chose to examine the base period September 2015 through January 2016, and the corresponding comparison period February through June 2016 in order to determine whether imports of subject merchandise were massive. These base and comparison periods satisfy the Department's practice that the comparison period is at least three months.

We found that imports based on PCT's reported shipments of merchandise under consideration during the comparison periods increased by more than 15 percent over its imports in the base periods.⁵⁸ For the non-selected respondents eligible for a separate rate, we relied upon ITC dataweb import statistics specific to truck and bus tires, less PCT's reported shipment data, to determine if imports in the post-Petition period for the subject merchandise were massive.⁵⁹ From these data, it is clear that there was an increase in imports of more than 15 percent during a "relatively short period" of time, in accordance with 19 CFR 351.206(h) and (i). Therefore, we preliminarily find there to be massive imports for PCT and the non-selected respondents eligible for a separate rate pursuant to section 733(e)(1)(B) of the Act and 19 CFR 351.206(c)(2)(i).

Because, as explained below, the PRC-wide entity has been unresponsive, as adverse facts available (AFA), we preliminarily find there to be massive imports for the PRC-wide entity, pursuant to section 733(e)(1)(B) of the Act and 19 CFR 351.206(c)(2)(i).

Therefore, based on the above analysis, we are preliminarily making an affirmative finding of critical circumstances for PCT, non-selected respondents eligible for a separate rate, and the PRC-wide entity.

⁵⁵ *Id.*, at 10.

⁵⁶ *Id.*

⁵⁷ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp from India*, 69 FR 47111, 47118-19 (August 4, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Negative Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From India*, 69 FR 76916 (December 23, 2004); and *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China*, 69 FR 20594 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 3.

⁵⁸ See Memorandum to the File entitled "Truck and Bus Tires from the People's Republic of China: Critical Circumstances Import Data" dated concurrently with this Preliminary Decision Memorandum (Critical Circumstances Memo).

⁵⁹ See Critical Circumstances Memo at Attachment 1 for our analysis of this data.

IX. DISCUSSION OF THE METHODOLOGY

A. Non-Market Economy Country

The Department considers the PRC to be a non-market economy (NME) country.⁶⁰ In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. Therefore, we continue to treat the PRC as an NME country for purposes of this preliminary determination.

B. Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base normal value (NV), in most circumstances, on the NME producer's factors of production (FOPs), valued in a surrogate market economy (ME) country or countries considered to be appropriate by the Department. Specifically, in accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, "to the extent possible, the prices or costs of {FOPs} in one or more ME countries that are: (A) at a level of economic development comparable to that of the {NME} country; and (B) significant producers of comparable merchandise."⁶¹ As a general rule, the Department selects a surrogate country that is at the same level of economic development as the NME, unless it is determined that none of the countries are viable options because they either: (a) are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development. To determine which countries are at the same level of economic development as the NME, the Department generally relies on per capita gross national income (GNI) data from the World Bank's World Development Report.⁶² Further, the Department normally values all FOPs in a single surrogate country.⁶³

On March 11, 2016, the Department identified Bulgaria, Ecuador, Mexico, Romania, South Africa, and Thailand as countries that are at the same level of economic development as the PRC based on per capita 2014 GNI data.⁶⁴ On March 14, 2016, the Department issued a letter to interested parties soliciting comments on the list of countries that the Department determined, based on per capita 2014 GNI, to be at the same level of economic development as the PRC, and the selection of the primary surrogate country, as well as providing deadlines for the

⁶⁰ See, e.g., *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results*, 76 FR 62765, 62767-68 (October 11, 2011), unchanged in *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review*, 77 FR 21734 (April 11, 2012).

⁶¹ For a description of our practice see Department Policy Bulletin No. 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin 04.1) available on the Department's website at <http://enforcement.trade.gov/policy/bull04-1.html>.

⁶² *Id.*

⁶³ See 19 CFR 351.408(c)(2).

⁶⁴ See Office of Policy Memorandum.

consideration of any submitted SV information for the preliminary determination.⁶⁵ In response, the petitioner recommended Thailand as the primary surrogate country in this investigation.⁶⁶

1. Economic Comparability

Consistent with its practice, and section 773(c)(4) of the Act, and as stated above, the Department identified Bulgaria, Ecuador, Mexico, Romania, South Africa, and Thailand as countries at the same level of economic development as the PRC based on GNI data published in the World Bank Development Indicators database.⁶⁷ The countries identified are not ranked and are considered equivalent in terms of economic comparability.

2. Significant Producer of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department, to the extent possible, to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Among the factors we consider in determining whether a country is a significant producer of comparable merchandise is whether the country is an exporter of comparable merchandise. In order to determine whether the above-referenced countries are significant producers of comparable merchandise, the Department's practice generally is to examine which countries on the surrogate country list exported merchandise comparable to the merchandise under consideration. Information on the record indicates that Thailand is a significant exporter of merchandise covered by HTS categories identified in the scope of this investigation while Bulgaria, Ecuador, Mexico, Romania, and South Africa are not significant exporters of truck and bus tires.⁶⁸ Accordingly, we preliminarily find that Thailand meets the significant producer of comparable merchandise prong of the surrogate country selection criteria but Bulgaria, Ecuador, Mexico, Romania, and South Africa do not at this time.

3. Data Availability

When evaluating SV data, the Department considers several factors including whether the SVs are publicly available, contemporaneous with the period under consideration, broad-market averages, tax and duty-exclusive, and specific to the inputs being valued. The Department's preference is to satisfy the breadth of these aforementioned selection factors.⁶⁹

All three parties have placed data on the record from Thailand.⁷⁰ The Department finds that the Thai data are the best available data for valuing PCT's FOPs because we have complete,

⁶⁵ See Surrogate Country and Values Comments Invitation Letter

⁶⁶ See the petitioner's Letter, "Truck and Bus from the People's Republic of China (A-570-040): Petitioner's Comments on Surrogate Country Selection," dated May 3, 2016,

⁶⁷ See Office of Policy Memorandum.

⁶⁸ See the petitioner's surrogate country comments dated May 3, 2016.

⁶⁹ See, e.g., *Certain Frozen Fish Fillets From the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews*, 2010-2011, 78 FR 17350 (March 21, 2013) (*Frozen Fish Fillets March 2013*), and accompanying Issues and Decision Memorandum at Comment I(C).

⁷⁰ See various surrogate value submissions and rebuttal surrogate value comments from the petitioner, Double Coin, and PCT from June through August 2016.

publicly-available, contemporaneous, specific Thai data for each input used by the respondent to produce the subject merchandise during the POI. In addition, the Thai surrogate financial statements on the record include publicly-available statements for companies which produce comparable merchandise.⁷¹ Therefore, because complete surrogate value information is available from Thailand, the Department preliminarily determines that the Thai data are the best available surrogate value data.

Given the above facts, the Department selects Thailand as the primary surrogate country for this investigation. Thailand is at the level of economic development of the PRC, is a significant producer of comparable merchandise, and generally has reliable and usable SV data. A detailed description of the SVs selected by the Department is provided below in the “Normal Value” section of this notice.

C. Surrogate Value Comments

The petitioner, Double Coin (which is a portion of the PRC-wide entity), and PCT filed surrogate factor valuation comments and surrogate value information with which to value the FOPs in this proceeding.⁷² The petitioner and Double Coin also filed rebuttal surrogate factor valuation comments and surrogate value information. On July 27, 2016, the petitioner filed another submission of surrogate factor valuation comments and surrogate value information pursuant to 19 CFR 351.301(c)(3)(i). For a detailed discussion of the SVs used in this LTFV proceeding, see the “Factor Valuation” section below and the Preliminary SV Memorandum.⁷³

D. Separate Rates

In proceedings involving NME countries, the Department maintains a rebuttable presumption that all companies within the country are subject to government control and, therefore, should be assessed a single weighted-average dumping margin.⁷⁴ In the *Initiation Notice*, the Department notified parties of the application process by which exporters may obtain separate rate status in this investigation.⁷⁵ The process requires exporters to submit a SRA⁷⁶ and to demonstrate an absence of both *de jure* and *de facto* government control over their export activities.

The Department’s policy is to assign all exporters of merchandise under consideration that are in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.⁷⁷ The Department analyzes whether each

⁷¹ See the petitioner’s SV Comments 2 at Attachment 2.

⁷² See the various SV comments and rebuttals filed by the petitioner, Double Coin, and PCT between June 17, 2016, and July 27, 2016.

⁷³ See Memorandum to the File entitled, “Truck and bus tires from the People’s Republic of China: Surrogate Values for the Preliminary Affirmative Determination of Sales at Less Than Fair Value,” dated concurrently with this memorandum (Preliminary SV Memorandum).

⁷⁴ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040 (September 24, 2008).

⁷⁵ See *Initiation Notice*, 81 FR at 9438.

⁷⁶ See Policy Bulletin 05.1: Separate Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries (April 5, 2005) (Policy Bulletin 05.1), available at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

⁷⁷ See *Final Determination of Sales at Less Than Fair Value: Sparklers From the People’s Republic of China*, 56

entity exporting the merchandise under consideration is sufficiently independent under a test established in *Sparklers*⁷⁸ and further developed in *Silicon Carbide*.⁷⁹ According to this separate rate test, the Department will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both *de jure* and *de facto* government control over its export activities. If, however, the Department determines that a company is wholly foreign-owned, then a separate rate analysis is not necessary to determine whether that company is independent from government control and eligible for a separate rate.

The Department continues to evaluate its practice with regard to the separate rates analysis in light of the diamond sawblades from the PRC AD proceeding, and its determinations therein.⁸⁰ In particular, in litigation involving the diamond sawblades from the PRC proceeding, the CIT found the Department's existing separate rates analysis deficient in the circumstances of that case, in which a government-owned and controlled entity exercised control over the respondent exporter.⁸¹ Following the Court's reasoning, in recent proceedings, we have concluded that where a government entity holds a majority equity ownership, either directly or indirectly, in the respondent exporter, this interest in and of itself means that the respondent is not eligible for a separate rate.⁸² Otherwise, we will analyze the impact of government ownership within the context of the *de facto* criteria as established above. This may include control over, for example, the selection of board members and management, key factors in determining whether a company has sufficient independence in its export activities to merit a separate rate. Consistent with our normal separate rate practice, any ability to control, or possess an interest in controlling, the operations of the company (including the selection of board members, management, and the

FR 20588, 20589 (May 6, 1991) (*Sparklers*).

⁷⁸ *Id.*

⁷⁹ See *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*).

⁸⁰ See Final Results of Redetermination pursuant to *Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012) (*Advanced Technology I*), and available at <http://enforcement.trade.gov/remands/12-147.pdf>, *aff'd Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013), *aff'd Advanced Technology & Materials Co., Ltd., et al. v. United States*, Case No. 2014-1154 (Fed. Cir. 2014) (*Advanced Technology II*). See also *Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 77098 (December 20, 2013) and accompanying Preliminary Decision Memorandum at 7, unchanged in *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 35723 (June 24, 2014), and accompanying Issues and Decision Memorandum at Comment 1.

⁸¹ See, e.g., *Advanced Technology I*, 885 F. Supp. 2d at 1349 (CIT 2012) ("The court remains concerned that Commerce has failed to consider important aspects of the problem and offered explanations that run counter to the evidence before it."); *Id.*, at 1351 ("Further substantial evidence of record does not support the inference that SASAC's {state-owned assets supervision and administration commission} 'management' of its 'state-owned assets' is restricted to the kind of passive-investor de jure 'separation' that Commerce concludes.") (footnotes omitted); *Id.*, at 1355 ("The point here is that 'governmental control' in the context of the separate rate test appears to be a fuzzy concept, at least to this court, since a 'degree' of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to 'day-to-day decisions of export operations,' including terms, financing, and inputs into finished product for export."); *Id.*, at 1357 ("AT&M itself identifies its 'controlling shareholder' as CISRI {owned by SASAC} in its financial statements and the power to veto nomination does not equilibrate the power of control over nomination.") (footnotes omitted).

⁸² See *Carbon and Certain Alloy Steel Wire Rod From the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 79 FR 53169 (September 8, 2014), and accompanying Preliminary Decision Memorandum at 5-9.

profit distribution of the company) by a government entity is subject to the Department's rebuttable presumption that all companies within the NME country are subject to government control.

In the *Initiation Notice*, we stated that SRAs would be due 30 days after publication of the notice, *i.e.*, March 28, 2016.⁸³ As noted above, Double Coin and PCT submitted responses to section A of the AD questionnaire, in which each company submitted information pertaining to its eligibility for a separate rate.⁸⁴ Furthermore, the Department received timely filed SRAs from the applicants listed in Appendix I. The Department issued supplemental SRA questionnaires to separate rate applicants and received responses from the separate rate applicants listed in Appendix II.

1. Separate Rate Analysis

The Department is preliminarily granting the following companies a separate rate, as explained below.

a. Wholly Foreign-Owned

The companies listed in Appendix III reported that they are wholly owned by market economy companies located in market economy countries. We preliminarily find these companies eligible for a separate rate.

b. Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

The companies listed in Appendix IV reported that they are either wholly owned by Chinese companies or joint ventures between Chinese and foreign companies.

Therefore, the Department must analyze whether these respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

2. Absence of *De Jure* Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) legislative enactments decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.⁸⁵

⁸³ See *Initiation Notice*, 81 FR at 9438 and 19 CFR 351.303(b)(1) ("For both electronically filed and manually filed documents, if the applicable due date falls on a non-business day, the Secretary will accept documents that are filed on the next business day.")

⁸⁴ See Double Coin's Section A Response dated May 23, 2016, and PCT's Section A Response dated May 25, 2016.

⁸⁵ See *Sparklers*, 56 FR at 20589.

The evidence provided by companies listed in Appendices III and IV supports a preliminary finding of an absence of *de jure* government control for each of these companies based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of companies; and (3) the implementation of formal measures by the government decentralizing control of Chinese companies.⁸⁶

3. Absence of *De Facto* Control

Typically, the Department considers four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the prices are set by, or are subject to the approval of, a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses.⁸⁷ The Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude the Department from assigning separate rates.

With the exception of the companies listed in the next subsection, the evidence provided by the other Chinese-owned companies listed in Appendix IV supports a preliminary finding of an absence of *de facto* government control based on record statements and supporting documentation showing that the companies: (1) set their own prices independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding disposition of profits or financing of losses.⁸⁸

Therefore, the evidence placed on the record of this investigation by PCT and the separate rate applicants listed in Appendices III and IV, with the exception of the companies listed in the next subsection, demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers* and *Silicon Carbide*. Accordingly, the Department preliminarily grants separate rates to the separate rates applicants identified in Appendices III and IV and PCT with the exception of the companies listed in the next subsection.

⁸⁶ See PCT's section A response dated May 18, 2016. See also SRAs from the applicants for which we preliminarily find eligible for a separate rate.

⁸⁷ See *Silicon Carbide*, 59 FR at 22586-87; *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).

⁸⁸ See PCT's section A response dated at May 18, 2016. See also SRAs from the applicants for which we preliminarily find eligible for a separate rate.

4. Companies Not Receiving a Separate Rate

The Department has not granted a separate rate to the following separate rate applicants:

Aeolus Tyre Co., Ltd.
Bayi Rubber Co., Ltd.
Chaoyang Long March Tyre Co., Ltd.
Double Coin
Guizhou Tyre Import and Export Co., Ltd.
Pirelli Tyre Co., Ltd.
Qingdao Doublestar Overseas Trading Co., Ltd.
Qingdao Doublestar Tire Industrial Co., Ltd.
Qingdao Milestone Tyres Co., Limited
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.
Sichuan Tyre & Rubber Co., Ltd.

Double Coin's SRA shows that it is 72.15 percent owned by Shanghai Huayi (Group) Company, which is 100 percent owned by Shanghai SASAC. As the majority shareholder, Shanghai Huayi (Group) Company has rights to elect directors at the shareholders' general meetings in accordance with the number of shares it owns, *i.e.*, 72.15 percent. According to record evidence, Double Coin's board appoints its general manager and the general manager appoints other managers, including deputy general managers. Three of the four directors are general manager and deputy general managers. Therefore, we find that Shanghai SASAC controls the selection of Double Coin's management and the *de facto* control over Double Coin exists.⁸⁹ Because we preliminarily determine based on Double Coin's section A response that it is under *de facto* government control, we have not requested additional information from Double Coin after we received its section A response. We are preliminarily denying a separate rate to Double Coin. We also preliminarily determine that Guizhou Tyre Import & Export Co., Ltd., did not rebut the presumption of the *de facto* control over the company's selection of the board and management and profit distribution.⁹⁰ Qingdao Milestone Tyres Co., Limited is not eligible for a separate rate because it did not respond to our supplemental questionnaire.⁹¹ For these three separate rate applicants and other separate rate applicants for which we are preliminarily denying separate rate eligibility, we explained our reasons in detail in a separate memorandum, which contains these applicants' business proprietary information.⁹²

E. Dumping Margin for the Separate Rate Companies

Generally, the Department looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation for guidance when calculating the rate for separate rate respondents which we did not individually examine. Section 735(c)(5)(A) of the

⁸⁹ See Double Coin's section A response dated May 23, 2016, at 11-19.

⁹⁰ See Guizhou Tyre Import & Export Co., Ltd.'s SRA dated April 8, 2016, and supplemental response dated July 8, 2016, and July 22, 2016.

⁹¹ See the Department's supplemental questionnaire to Qingdao Milestone Tyres Co., Limited, dated July 13, 2016.

⁹² See Memorandum to the File entitled, "Truck and Bus Tires from the People's Republic of China: Preliminary Denial of Separate Rate," dated concurrently with this Preliminary Decision Memorandum.

Act articulates a preference that we not calculate an all-others rate using rates which are zero, *de minimis* or based entirely on facts available. Accordingly, the Department's usual practice has been to average the weighted-average dumping margins for the individually-examined companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.⁹³ Section 735(c)(5)(B) of the Act also provides that, where all rates are zero, *de minimis*, or based entirely on facts available, we may use "any reasonable method" for assigning the all-others rate, including "averaging the estimated weighted-average dumping margins determined for the exporters and producers individually investigated." In this investigation, we calculated a rate for the one mandatory respondent found to be eligible for a separate rate that is not zero, *de minimis*, or based entirely on facts available. Therefore, we assigned this rate to the separate rate applicants not individually examined.

F. Combination Rates

Consistent with the *Initiation Notice*, the Department has calculated combination rates for respondents that are eligible for a separate rate in this investigation.⁹⁴ This practice is described in Policy Bulletin 05.1.

G. The PRC-Wide Entity

As discussed above, the separate rate applicants for which we are preliminarily denying separate rate eligibility failed to establish entitlement to a separate rate. Because these companies have not demonstrated that they are eligible for separate rate status, the Department considers them part of the PRC-wide entity. Further, the record indicates that there are other PRC exporters and/or producers of the merchandise under consideration during the POI which did not respond to the Department's requests for information. Specifically, as noted in the "Selection of Respondents" section, above, the Department did not receive responses to its Q&V questionnaire from certain PRC exporters and/or producers of the merchandise under consideration that were named in the Petition and received the Q&V questionnaires the Department issued. Because non-responsive PRC companies have not demonstrated that they are eligible for separate rate status, the Department finds that they have not rebutted the presumption of government control and, therefore, considers them to be part of the PRC-wide entity. Furthermore, as explained below, we preliminarily are determining the PRC-wide rate on the basis of AFA.

H. Application of Facts Available and Adverse Inferences

Section 776(a)(1) and (2) of the Act provides that, if necessary information is missing from the record, or if an interested party: (A) withholds information that has been requested by the Department, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the statute, or (D) provides such information but the information cannot be

⁹³ See *Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying Issues and Decision Memorandum at Comment 16.

⁹⁴ See *Initiation Notice*, 81 FR at 9438-39.

verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate.

On June 29, 2015, the President of the United States signed into law the Trade Preferences Extension Act of 2015 (TPEA), which made numerous amendments to the antidumping and countervailing duty law, including amendments to section 776(b) and (c) of the Act and the addition of section 776(d) of the Act.⁹⁵ The amendments to section 776 of the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to this investigation.⁹⁶

Section 776(b) of the Act provides that the Department may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, and under the TPEA, the Department is not required to determine, or make any adjustments to, a weighted average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information. Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or other information placed on the record.

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.⁹⁷ The TPEA also makes clear that when selecting an AFA margin, the Department is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an “alleged commercial reality” of the interested party.

⁹⁵ See Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 362 (June 29, 2015) (TPEA). The 2015 law does not specify dates of application for those amendments. On August 6, 2015, the Department published an interpretative rule, in which it announced the applicability dates for each amendment to the Act, except for amendments contained to section 771(7) of the Act, which relate to determinations of material injury by the ITC. See *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015) (*Application Notice*).

⁹⁶ See *Application Notice*, 80 FR at 46794-95. The 2015 amendments may be found at <https://www.congress.gov/bill/114th-congress/house-bill/1295/text/pl>.

⁹⁷ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act (SAA), H.R.Rep. No. 103-316, at 870 (1994), as reprinted in 1994 U.S.C.C.A.N. 4040, 4199.

1. Use of Facts Available

The Department preliminarily finds that the PRC-wide entity, which includes certain PRC exporters and/or producers that did not respond to the Department's requests for information, withheld information requested by the Department and significantly impeded this proceeding by not submitting the requested information. Specifically, 102 companies within the PRC-wide entity failed to respond to the Department's request for Q&V information.⁹⁸ Although one company within the PRC-wide entity, Double Coin, has responded to portions of the Department's questionnaire, the entity as a whole overwhelmingly has withheld requested information, failed to provide such information in a timely manner or in the form or manner requested by the Department, and significantly impeded the proceeding. Therefore the Department preliminarily determines that the use of facts available is warranted in determining the rate of the PRC-wide entity, pursuant to sections 776(a)(1) and (a)(2)(A)-(C) of the Act.⁹⁹

2. Application of Facts Available with an Adverse Inference

Section 776(b) of the Act provides that in selecting from among the facts otherwise available, the Department may use an inference that is adverse to the interests of a party if that party has failed to cooperate by not acting to the best of its ability to comply with a request for information. The Department finds that the PRC-wide entity's lack of participation, including the failure of certain parts of the PRC-wide entity to submit Q&V information, constitutes circumstances under which it is reasonable to conclude that the PRC-wide entity as a whole failed to cooperate to the best of its ability to comply with the Department's request for information.¹⁰⁰ With respect to the missing information, no documents were filed indicating any difficulty providing the information, nor was there a request to allow the information to be submitted in an alternate form. Therefore, we preliminarily find that an adverse inference is warranted in selecting from among the facts otherwise available with respect to the PRC-wide entity in accordance with section 776(b) of the Act and 19 CFR 351.308(a).¹⁰¹

3. Selection of the AFA rate

In applying an adverse inference, the Department may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other

⁹⁸ See Memorandum to the File entitled, "Truck and Bus Tires from the People's Republic of China: Companies without Q&V Responses and Separate Rate Applications," dated June 22, 2016. None of these companies filed SRAs.

⁹⁹ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets From the Socialist Republic of Vietnam*, 68 FR 4986, 4991 (January 31, 2003), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

¹⁰⁰ See *Nippon Steel Corporation v. United States*, 337 F.3d 1373, 1383 (Fed. Cir. 2003) (noting that the Department need not show intentional conduct existed on the part of the respondent, but merely that a "failure to cooperate to the best of a respondent's ability" existed (*i.e.*, information was not provided "under circumstances in which it is reasonable to conclude that less than full cooperation has been shown.")).

¹⁰¹ See *Nippon Steel Corp. v. United States*, 337 F.3d 1373, 1382-83 (Fed. Cir. 2003).

information placed on the record.¹⁰² In selecting an AFA rate, the Department selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.¹⁰³ In an investigation, the Department's practice with respect to the assignment of an AFA rate is to select the higher of (1) the highest dumping margin alleged in the petition or (2) the highest calculated dumping margin of any respondent in the investigation.¹⁰⁴ In this investigation, the highest petition rate of 22.57 percent is higher than the calculated margin for PCT. Therefore, we preliminarily assigned the PRC-wide AFA rate of 22.57 percent.

4. Selection and Corroboration of the AFA Rate

When using facts otherwise available, section 776(c) of the Act provides that, where the Department relies on secondary information (such as the Petition) rather than information obtained in the course of an investigation, it must corroborate, to the extent practicable, information from independent sources that are reasonably at its disposal. Secondary information is defined as information derived from the Petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.¹⁰⁵ The SAA clarifies that "corroborate" means that the Department will satisfy itself that the secondary information to be used has probative value,¹⁰⁶ although under the TPEA, the Department is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.¹⁰⁷ To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used, although under the TPEA, the Department is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an "alleged commercial reality" of the interested party.¹⁰⁸ Finally, under the new section 776(d) of the Act, the Department may use any dumping margin from any segment of a proceeding under an AD order when applying an adverse inference, including the highest of such margins.¹⁰⁹

The AFA rate that the Department used is from the petition, as revised by the Department, and is thus secondary information subject to the corroboration requirement.¹¹⁰ The petitioner's

¹⁰² See section 776(b) of the Act.

¹⁰³ See Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, vol. 1 (SAA) at 870.

¹⁰⁴ See, e.g., *Certain Uncoated Paper From Indonesia: Final Determination of Sales at Less Than Fair Value*, 81 FR 3101 (January 20, 2016).

¹⁰⁵ See SAA, H.R. Doc. No. 316, Vol. I, 103d Cong., 2d Sess. (1994), at 870.

¹⁰⁶ See SAA at 870; see also 19 CFR 351.308(d).

¹⁰⁷ See section 776(c)(2) of the Act; TPEA, section 502.

¹⁰⁸ See, e.g., *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

¹⁰⁹ See section 776(d)(1)-(2) of the Act; TPEA, section 502(3).

¹¹⁰ See *Initiation Notice*, 81 FR at 9438.

methodology for calculating the export price and NV in the petition is discussed in the initiation notice.¹¹¹ To corroborate the AFA margin we have selected, we compared that margin to the control number-specific margins we found for PCT. We explain this comparison in more detail in our AFA memorandum for the PRC-wide entity, which contains PCT's business proprietary information.¹¹² As a result of that analysis, we find the AFA rate of 22.57 percent to be corroborated "to the extent practicable."¹¹³ There is no information on the record that calls into question the relevance or reliability of the petition rate, and the PRC-wide entity provided no company-specific sales information. Therefore, we preliminarily determine that the AFA rate is corroborated for purposes of this investigation.

I. Date of Sale

In identifying the date of sale of the merchandise under consideration or foreign like product, the Department normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business.¹¹⁴ Additionally, the Department may use a date other than the date of invoice if it is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.¹¹⁵

PCT's reported date of sale is the commercial invoice date, which predates the shipment date.¹¹⁶ Consistent with 19 CFR 351.401(i), we preliminarily determine to use invoice date as the date of sale for PCT's U.S. sales.

J. Fair Value Comparisons

For PCT's U.S. sales, we calculated export price (EP) in accordance with section 772(a) of the Act because the subject merchandise was first sold (or agreed to be sold) in the United States before the date of importation by the producer or exporter of the subject merchandise outside the United States to an unaffiliated purchaser in the United States.

1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates individual dumping margins by comparing weighted-average NVs to weighted-average EPs or constructed export prices (CEPs) (*i.e.* the average-to-average (A-A) method) unless the Department determines that another method is appropriate in a particular situation. In LTFV investigations, the Department examines whether to compare weighted-average NVs to the prices of individual sales (*i.e.*

¹¹¹ *Id.*

¹¹² See Memorandum to the File entitled "Truck and Bus Tires from the People's Republic of China: Corroboration of a Rate Based on Adverse Facts Available," dated concurrently with this Preliminary Decision Memorandum for more details which contain PCT's business-proprietary information.

¹¹³ See section 776(c) of the Act; SAA, at 870; 19 CFR 351.308(d).

¹¹⁴ See 19 CFR 351.401(i).

¹¹⁵ *Id.* See also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-92 (CIT 2001) (*Allied Tube & Conduit Corp.*) ("As elaborated by Department practice, a date other than invoice date 'better reflects' the date when 'material terms of sale' are established if the party shows that the 'material terms of sale' undergo no meaningful change (and are not subject to meaningful change) between the proposed date and the invoice date.").

¹¹⁶ See PCT's section C response dated at June 9, 2016.

average-to-transaction (A-T) method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act.

In recent investigations, the Department applied a “differential pricing” analysis to determine whether application of A-T comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.¹¹⁷ The Department finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department’s additional experience with addressing the potential masking of dumping that can occur when the Department uses the A-A method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in this preliminary determination examines whether there exists a pattern of export prices (or constructed export prices) for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchasers, regions and time periods to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the period of investigation based upon the reported date of sale.

For purposes of analyzing sales transactions by purchaser, region, and time period, comparable merchandise is considered using the product control number and all characteristics of the sales, other than purchaser, region, and time period, that the Department uses in making comparisons between U.S. price and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of

¹¹⁷ See, e.g., *Xanthan Gum From the People’s Republic of China: Final Determination of Sales at Less Than Fair*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar From Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); or *Welded Line Pipe From the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

three fixed thresholds defined by the Cohen's *d* test: small, medium or large (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the A-T method to all sales as an alternative to the A-A method. If the value of sales to purchasers, regions, and time periods that pass the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an A-T method to those sales identified as passing the Cohen's *d* test as an alternative to the A-A method, and application of the A-A method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the A-A method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, the Department examines whether using only the A-A method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative comparison method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the A-A method only. If the difference between the two calculations is meaningful, then this demonstrates that the A-to-A method cannot account for differences such as those observed in this analysis, and, therefore, an alternative comparison method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margins between the A-A method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margins between the A-A method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described approach used in this preliminary determination, including arguments for modifying the group definitions used in this investigation.

2. Results of the Differential Pricing Analysis

For PCT, based on the results of the differential pricing analysis, the Department preliminarily finds that 57.0 percent of the value of U.S. sales pass the Cohen's *d* test,¹¹⁸ and confirms the

¹¹⁸ See Memorandum to the File entitled "Less-Than-Fair-Value Investigation of Truck and Bus Tires from the People's Republic of China: Preliminary Determination Analysis Memorandum for Prinx Chengshan (Shandong)

existence of a pattern of prices that differ significantly among purchasers, regions or time periods. Further, the Department preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the A-A method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the A-T method to all U.S. sales because both rates are above the *de minimis* threshold and there is less than a relative 25 percent change in the rates.¹¹⁹ Thus, the results of the Cohen's *d* and ratio tests do not support consideration of an alternative to the A-A method. Accordingly, the Department preliminarily determines to apply the A-A method for all U.S. sales to calculate the weighted-average dumping margin for PCT.

K. Export Price

In accordance with section 772(a) of the Act, the Department defined the U.S. price of merchandise under consideration based on the EP of all of the sales reported by PCT. The Department calculated the EP based on the prices at which merchandise under consideration was sold to unaffiliated purchasers in the United States.

The Department made deductions, as appropriate, from the reported U.S. price for movement expenses for PCT, *i.e.*, foreign inland freight expenses, foreign warehouse expenses, and foreign brokerage and handling expenses.¹²⁰ The Department based movement expenses on SVs where the service was purchased from a PRC company.¹²¹

1. Value-Added Tax

In 2012, the Department announced a change of methodology with respect to the calculation of EP and CEP to include an adjustment of any irrecoverable value-added tax (VAT) in certain NME countries in accordance with section 772(c)(2)(B) of the Act.¹²² The Department explained that when an NME government imposes an export tax, duty, or other charge on subject merchandise, or on inputs used to produce subject merchandise, from which the respondent was not exempted, the Department will reduce the respondent's EP and CEP prices accordingly, by the amount of the tax, duty or charge paid, but not rebated.¹²³ Where the irrecoverable VAT is a fixed percentage of EP or CEP, the Department explained that the final step in arriving at a tax-neutral dumping comparison is to reduce the EP or CEP downward by this same percentage.¹²⁴

The Department's methodology, as explained above and applied in this investigation, incorporates two basic steps: (1) determine the irrecoverable VAT on subject merchandise, and (2) reduce U.S. price by the amount determined in step one. Information placed on the record of

Tire Co., Ltd." dated concurrently with this memorandum (PCT Preliminary Analysis Memorandum).

¹¹⁹ *Id.*

¹²⁰ See section 772(c)(2)(A) of the Act.

¹²¹ See the Factor Valuation Methodology section below.

¹²² See *Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481 (June 19, 2012).

¹²³ *Id.* See also *Chlorinated Isocyanurates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 4875 (January 30, 2014), and accompanying Issues and Decision Memorandum at Comment 5.A.

¹²⁴ *Id.*

this investigation by PCT indicates that according to the PRC VAT schedule, the standard VAT levy is 17 percent and the rebate rate for the merchandise under consideration is nine percent.¹²⁵ Consistent with the Department's standard methodology, for purposes of this preliminary determination we based the calculation of irrecoverable VAT on the difference between those standard rates, applied to a free-on-board EP.¹²⁶ Thus, because the VAT levy and VAT rebate rate on exports are different and the net result is eight percent, the Department adjusted PCT's U.S. sales for irrecoverable VAT.

L. Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using the FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department's normal methodologies.¹²⁷ Therefore, in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c), the Department calculated NV based on FOPs. Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs.¹²⁸

M. Factor Valuation Methodology

In accordance with section 773(c) of the Act, the Department calculated NV based on FOP data reported by PCT. To calculate NV, the Department multiplied the reported per-unit FOP consumption rates by publicly available SVs. When selecting SVs, the Department considered, among other factors, the quality, specificity, and contemporaneity of the SV data.¹²⁹ As appropriate, the Department adjusted FOP costs by including freight costs to make them delivered values. Specifically, the Department added a surrogate freight cost, where appropriate, to surrogate input values using the shorter of the reported distance from the domestic supplier to the respondent's factory or the distance from the nearest seaport to the respondent's factory.¹³⁰ A detailed description of the SVs used can be found in the Preliminary SV Memorandum.¹³¹

¹²⁵ See PCT's section C response at C-66 - C-67.

¹²⁶ See *Polyethylene Terephthalate Film, Sheet, and Strip From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2012-2013*, 80 FR 33241 (June 11, 2015), and accompanying Issues and Decision Memorandum at Comment 5.

¹²⁷ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products from the People's Republic of China*, 71 FR 19695, 19703 (April 17, 2006), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China*, 71 FR 53079 (September 8, 2006).

¹²⁸ See section 773(c)(3)(A)-(D) of the Act.

¹²⁹ See, e.g., *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008), and accompanying Issues and Decision Memorandum at Comment 9.

¹³⁰ See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

¹³¹ See Preliminary SV Memorandum.

1. Direct and Packing Materials

For the preliminary determination, the Department used Thai import data, as published by the Global Trade Atlas (GTA), and other publicly available sources from Thailand to calculate SVs for FOPs. In accordance with section 773(c)(1) of the Act, the Department used the best available information for valuing FOPs by selecting, to the extent practicable, SVs which are: (1) broad market averages, (2) product-specific, (3) tax-exclusive, non-export average values, and (4) contemporaneous with, or closest in time to, the POI.¹³²

As noted in the “Surrogate Value Comments” section above, the parties made several submissions regarding the appropriate surrogate valuation of the respondents’ reported material FOPs. In instances where the parties disagree with respect to the particular Harmonized Tariff System (HTS) subheading under which a particular material input should be valued, the Department used an HTS subheading selection method based on the best match between the reported physical description and function of the input and the HTS subheading description.¹³³

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs from an ME supplier, and that are produced in an ME country, in meaningful quantities (*i.e.*, not insignificant quantities) and pays in an ME currency, the Department uses the actual price paid by the respondent to value those inputs, except when prices may have been distorted by findings of dumping and/or subsidization.¹³⁴ Where the Department finds ME purchases to be of significant quantities (*i.e.*, 85 percent or more), in accordance with our statement of policy,¹³⁵ the Department uses the actual purchase prices to value the inputs. Alternatively, when the volume of an NME firm’s purchases of an input from ME suppliers during the period is below 85 percent of its total volume of purchases of the input during the period, but where these purchases are otherwise valid and there is no reason to disregard the prices, the Department will weight-average the ME purchase price with an appropriate SV, according to their respective shares of the total volume of purchases, unless case-specific facts provide adequate grounds to rebut the presumption. When a firm has made ME input purchases that may have been dumped or subsidized, are not *bona fide*, or are otherwise not acceptable for use in a dumping calculation, the Department will exclude them from the numerator of the ratio to ensure a fair determination of whether valid ME purchases meet the 85 percent threshold.¹³⁶ PCT provided evidence that it had ME purchases of specific inputs during the POI.¹³⁷ The Department used PCT’s reported ME purchase data for those inputs, where appropriate, in the preliminary determination.¹³⁸ The Department also added freight expenses to PCT’s reported ME prices for those inputs, where appropriate.¹³⁹

¹³² See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

¹³³ See Preliminary SV Memorandum for further discussion.

¹³⁴ See, e.g., *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997).

¹³⁵ See *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013).

¹³⁶ *Id.*

¹³⁷ See PCT’s August 3, 2016, Section D Supplemental Response at Exhibit S-10.

¹³⁸ See Preliminary SV Memorandum.

¹³⁹ See PCT Preliminary Analysis Memorandum.

The record shows that, for the remaining inputs, Thai import data obtained through GTA, are broad market averages, product-specific, tax-exclusive, and generally contemporaneous with the POI.¹⁴⁰

Pursuant to section 773(c)(5) of the Act and the Department's long-standing practice, the Department is disregarding SVs if it has a reason to believe or suspect the source data may comprise subsidized prices.¹⁴¹ In this regard, the Department has previously found that it is appropriate to disregard such prices from India, Indonesia, South Korea and Thailand because we have determined that these countries maintain broadly available, non-industry specific export subsidies.¹⁴² Based on the existence of the subsidy programs that were generally available to all exporters and producers in these countries at the time of the POI, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, South Korea and Thailand may have benefitted from these subsidies. Therefore, the Department has not used prices from those countries in calculating the Thai import-based SVs.

Additionally, the Department disregarded data from NME countries when calculating Thai import-based per-unit SVs. The Department also excluded from the calculation of Thai import-based per-unit SVs imports labeled as originating from an "unidentified" country because the Department could not be certain that these imports were not from either an NME country or a country with generally available export subsidies.¹⁴³

2. Energy

We valued electricity and water using May 2015 data from the Provincial Electricity Authority and the Metropolitan Waterworks Authority, respectively, as compiled by the Board of Investment of Thailand.¹⁴⁴ We valued steam using the 2014 data from the 2014 annual reports of Glow Energy Public Company Limited.¹⁴⁵ Because the sources of these data predate the POI,

¹⁴⁰ See Preliminary SV Memorandum.

¹⁴¹ See section 773(c)(5) of the Act, as amended in section 505 of the TPEA to permit the Department to disregard price or cost values without further investigation if it has determined that certain subsidies existed with respect to those values. See also *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46795 (August 6, 2015).

¹⁴² See, e.g., *Certain Frozen Warmwater Shrimp From India: Final Results of Antidumping Duty Administrative Review and Final No Shipment Determination; 2011-2012*, 78 FR 42492 (July 16, 2013), and accompanying Issues and Decision Memorandum at 7-19. See also *Certain Lined Paper Products From Indonesia: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 76 FR 73592 (November 29, 2011), and accompanying Issues and Decision Memorandum at 1, *Cut-to-Length Carbon-Quality Steel Plate From the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying Issues and Decision Memorandum at 4, *Certain Frozen Warmwater Shrimp From Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying Issues and Decision Memorandum at IV.

¹⁴³ See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates From the People's Republic of China*, 69 FR 75294, 75301 (December 16, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People's Republic of China*, 70 FR 24502 (May 10, 2005).

¹⁴⁴ See the petitioner's SV Comments 1 at Attachment 6.

¹⁴⁵ See the petitioner's SV Comments 1 at Attachment 7.

and there were no contemporaneous data on the record, we adjusted these surrogate energy values for inflation using the Consumer Price Index.¹⁴⁶

3. Movement Services

As appropriate, we added freight costs to SVs. Specifically, we added surrogate inland freight costs to import values used as SVs. We calculated freight SVs using the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the nearest port to the factory that produced the subject merchandise, where appropriate.¹⁴⁷

We valued brokerage and handling and truck freight expenses using the data from *Doing Business 2016: Thailand (Doing Business 2016)*, and a calculation methodology based on a container weighing 15,000 kilograms and a distance from Bangkok to Laem Chabang port of 129 kilometers (both of which were noted in the *Doing Business 2016* study).¹⁴⁸ Because the data in *Doing Business 2016* were current as of June 1, 2015,¹⁴⁹ which is one month prior to the beginning of the POI, we adjusted these two surrogate movement expenses for inflation using the Consumer Price Index.¹⁵⁰ Because no party submitted surrogate rates for domestic sea freight, we valued PCT's domestic sea freight using the surrogate value for truck freight as a substitute.¹⁵¹ We valued foreign warehousing expenses using Thai Airways Thai Cargo Warehouse's daily warehousing expense.¹⁵²

4. Labor

In *Labor Methodologies*,¹⁵³ the Department determined that the best methodology to value labor is to use industry-specific labor rates from the primary surrogate country. Additionally, we determined that the best data source for industry-specific labor rate is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics. However, this does not mean that other sources for labor costs may not be considered.¹⁵⁴ Rather, we continue to follow our practice of selecting the best available information for valuing FOPs. We valued labor using Thailand's National Statistics Office (NSO) data.¹⁵⁵ The ILO cites these

¹⁴⁶ See Preliminary SV Memorandum at Exhibit 1, CPI tab.

¹⁴⁷ See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

¹⁴⁸ See Double Coin's SV Comments at Exhibit SV-10, *Doing Business Thailand* at 75-76 and *Trading Across Borders Methodology* at 2..

¹⁴⁹ See Double Coin's SV Comments at Exhibit SV-10, *Doing Business Thailand* at 4.

¹⁵⁰ See Preliminary SV Memorandum at Exhibit 1, CPI tab.

¹⁵¹ See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2013-2014*, 80 FR 80746 (December 28, 2015), and accompanying Preliminary Decision Memorandum at 27.

¹⁵² See the petitioner's SV Comments 1 at Attachment 11.

¹⁵³ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (*Labor Methodologies*).

¹⁵⁴ See *Steel Wire Garment Hangers From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2012-2013*, 79 FR 65616 (November 5, 2014), and accompanying Issues and Decision Memorandum at 11.

¹⁵⁵ See the petitioner's SV Comment 1 at Attachment 8.

data as the source of its Thai labor data. We used NSO data for general manufacturing wages for quarters 3 and 4 of 2015, which cover the POI.

5. Financial Ratios

According to 19 CFR 351.408(c)(4), the Department is directed to value overhead, selling, general and administrative (SG&A) expenses, and profit using non-proprietary information gathered from producers of merchandise that is identical or comparable to the merchandise under consideration in the surrogate country. The Department's preference is to derive surrogate overhead expenses, SG&A expenses, and profit using financial statements covering a period that is contemporaneous with the POI, that show a profit, from companies with a production experience similar to the respondents' production experience, and that are not distorted or otherwise unreliable, such as financial statements that indicate the company received subsidies.¹⁵⁶

The record contains the audited public financial statements of Hwa Fong Rubber (Thailand) Public Company Limited (Hwa Fong), a Thai producer of merchandise comparable to the merchandise under consideration.¹⁵⁷ Hwa Fong's financial statements cover the fiscal year ending December 2015 and show a profit. We also received financial statements of Hihero Co., Ltd., Hwa Fong, and S.R. Tyres Co., Ltd., with the fiscal years ending before the POI.¹⁵⁸ As a result, because they are contemporaneous, we preliminarily valued factory overhead, SG&A and profit using Hwa Fong's 2015 financial statements.¹⁵⁹

N. Currency Conversion

Where appropriate, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

X. **ADJUSTMENT UNDER SECTION 777A(F) OF THE ACT**

In applying section 777A(f) of the Act, the Department examines (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise, (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period, and (3) whether the Department can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has

¹⁵⁶ See *Hand Trucks and Certain Parts Thereof From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*; 2010-2011, 78 FR 28801 (May 16, 2013), and accompanying Issues and Decision Memorandum at Comment 2; *Certain Kitchen Appliance Shelving and Racks From the People's Republic of China; 2010-2011; Final Results of Antidumping Duty Administrative Review*, 78 FR 5414 (January 25, 2013), and accompanying Issues and Decision Memorandum at Comment 1.

¹⁵⁷ See the petitioner's SV Comments 2 at Attachment 2.

¹⁵⁸ See Double Coin's SV Comments at Exhibit SV-11 for S.R. Tyres Co., Ltd.'s 2014 financial statements and the petitioner's SV Comments 1 at Attachment 14 for Hwa Fong's 2014 financial statements and Attachment 15 Hihero Co., Ltd.'s 2014 financial statements.

¹⁵⁹ See the petitioner's SV Comments 2 at Attachment 2.

increased the weighted-average dumping margin for the class or kind of merchandise.¹⁶⁰ For a subsidy meeting these criteria, the statute requires the Department to reduce the AD by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.¹⁶¹

PCT, the only respondent for which we individually calculated a margin, did not establish eligibility for this adjustment.¹⁶² To determine whether to grant a domestic pass-through adjustment for non-selected separate rate respondents, the Department relies on the experience of the mandatory respondent examined in this investigation, subject to section 777A(f)(2) of the Act. For the preliminary determination, because PCT did not establish eligibility for this adjustment, the Department did not make an adjustment pursuant to section 777A(f) of the Act for countervailable domestic subsidies for PCT or the non-selected separate rate respondents.¹⁶³

For the PRC-wide entity, which received an AFA rate as discussed above, we would normally adjust the PRC-wide entity's AD cash deposit rate by the lowest estimated domestic subsidy pass-through determined for any party in this investigation. In this investigation, the lowest and only rate is zero, so no adjustment is necessary.¹⁶⁴

XI. ADJUSTMENT TO CASH DEPOSIT RATE FOR EXPORT SUBSIDIES

For this investigation, for PCT, the non-selected respondents eligible for a separate rate, and the PRC-wide entity, which received an AFA rate as discussed above, we are adjusting their AD cash deposit rate by the countervailing duty attributable to export subsidies. The Department preliminarily determined in the concurrent countervailing duty investigation that Export Seller's Credit from the Export-Import Bank of China was export specific and, from this program, Double Coin and Guizhou Tyre Co., Ltd., respectively received countervailable subsidies of 0.40 percent ad valorem and 0.41 percent ad valorem.¹⁶⁵ Because these two export subsidy rates are nearly identical and apply equally to all respondents in this investigation, we simple-averaged the export subsidy rates and calculated 0.41 percent for purposes of adjusting the cash deposit rate in this investigation. Accordingly, the adjusted cash deposit rate for PCT and the non-selected

¹⁶⁰ See section 777A(f)(1)(A)-(C) of the Act.

¹⁶¹ See section 777A(f)(1)-(2) of the Act.

¹⁶² See PCT's section A response dated May 18, 2016, section C response dated June 9, 2016, section D response dated June 16, 2016, and supplemental responses dated August 3, 2016, August 5, 2016, and August 19, 2016.

¹⁶³ See *Aluminum Extrusions From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 32347 (June 8, 2015), and accompanying Preliminary Decision Memorandum at 34, unchanged in *Aluminum Extrusions From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 75060, 75063 (December 1, 2015).

¹⁶⁴ See *Certain Corrosion-Resistant Steel Products From the People's Republic of China: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 75 (January 4, 2016), and accompanying Preliminary Decision Memorandum at 25-26, unchanged in *Certain Corrosion-Resistant Steel Products From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Critical Circumstances Determination, in Part*, 81 FR 35316, 35318 (June 2, 2016).

¹⁶⁵ See *Truck and Bus Tires From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, Preliminary Affirmative Critical Circumstances Determination, in Part, and Alignment of Final Determination With Final Antidumping Determination*, 81 FR 43577, 43578 (July 5, 2016), and accompanying Preliminary Decision Memorandum at 42.

Appendix I

Separate Rate Applicants Other Than Two Mandatory Respondents

Actyon Tyre Resources Co., Limited
Aeolus Tyre Co., Limited
Aosen Tire Co., Ltd.
Bayi Rubber Co., Ltd.
Beijing BOE Commerce Co., Ltd.
Best Choice International Trade Co., Ltd.
Bestyre International Industrial Limited
BOE Commerce Co., Ltd.
Briway Tire Co., Ltd.
Chaoyang Long March Tyre Co., Ltd.
Chonche Auto Double Happiness Tyre Corp. Ltd.
Chongqing Hankook Tire Co., Ltd.
Cooper Tire (China) Investment Co., Ltd.
Daking Industrial Co., Limited
Fleming Limited
Giti Tire (Anhui) Company Ltd.
Giti Tire (Fujian) Company Ltd.
Giti Tire (Yinchuan) Company Ltd.
Giti Tire Global Trading Pte. Ltd.
Goodyear Dalian Tire Co., Ltd.
Guizhou Tyre Import and Export Co., Ltd.
Hongkong Tiancheng Investment & Trading Co., Limited
Hongtyre Group Co.
Jiangsu General Science Technology Co., Ltd.
Jiangsu Hankook Tire Co., Ltd.
Koryo International Industrial Limited
Kumho Tire Co., Inc.
Longkou Xinglong Tyre Co., Ltd.
Maxon Int'l Co., Limited
Megalith Industrial Group Co., Ltd.
Michelin Asia-Pacific Export (HK) Limited
Newland Tyre Int'l Limited
Noble Manufacture Co., Ltd.
Philixx Tyres and Accessories Limited
Pirelli Tyre Co., Ltd.
Q&J Industrial Group Co., Limited
Qingdao Au-Shine Group Co., Ltd.
Qingdao Champion International Trading Co., Ltd.
Qingdao Doublestar Overseas Trading Co., Ltd.
Qingdao Doublestar Tire Industrial Co., Ltd.
Qingdao Fudong Tyre Co., Ltd.
Qingdao Fullrun Tyre Corp. Ltd.

Qingdao Ge Rui Da Rubber Co., Ltd.
Qingdao Honghua Tyre Factory
Qingdao Jinhaoyang International Co., Ltd.
Qingdao Keter International Co., Ltd.
Qingdao Lakesea Tyre Co., Ltd.
Qingdao Milestone Tyres Co., Limited
Qingdao Nama Industrial Co., Ltd.
Qingdao Odyking Tyre Co., Ltd.
Qingdao Qianzhen Tyre Co., Ltd.
Qingdao Qizhou Rubber Co., Ltd.
Qingdao Rhino International Co., Ltd.
Qingdao Taihao Tyre Co., Ltd.
Qingdao Tanco Tire Industrial & Commercial Co., Ltd.
Qingdao Yellow Sea Rubber Co., Ltd.
Qingdao Yongdao International Trade Co., Ltd.
Rodeo Tire Ltd.
Rover Tire Co., Ltd.
Sailun Jinyu Group Co., Ltd.
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.
Shandong Anchi Tyres Co., Ltd.
Shandong Haohua Tire Co., Ltd.
Shandong Haoyu Rubber Co., Ltd.
Shandong Hawk International Rubber Industry Co., Ltd.
Shandong Hengfeng Rubber & Plastic Co., Ltd.
Shandong Hengyu Science & Technology Co., Ltd.
Shandong Homerun Tires Co., Ltd.
Shandong Huasheng Rubber Co., Ltd.
Shandong Hugerubber Co., Ltd.
Shandong Huitong Tyre Co., Ltd.
Shandong Kaixuan Rubber Co., Ltd.
Shandong Linglong Tyre Co., Ltd.
Shandong O'Green Tyres Co., Ltd.
Shandong Province Sanli Tire Manufactured Co., Ltd.
Shandong Sangong Rubber Co., Ltd.
Shandong Transtone Tyre Co., Ltd.
Shandong Vheal Group Co., Ltd.
Shandong Wanda Boto Tyre Co., Ltd.
Shandong Wanshine Tire Co., Ltd.
Shandong Xingyuan Tire Group Co., Ltd.
Shandong Yinbao Tyre Group Co., Ltd.
Shandong Yongfeng Tyres Co., Ltd.
Shandong Yongsheng Rubber Group Co., Ltd.
Shandong Yongtai Group Co., Ltd.
Shanghai Durotyre International Trading Co., Ltd.
Shengtai Group Co., Ltd.
Shenzhen Zhongjin Import & Export Co., Ltd.

Shifeng Juxing Tire Co., Ltd.
Shuma Tyre International (Qingdao) Co., Ltd.
Sichuan Kalevei Technology Co., Ltd.
Sichuan Tyre & Rubber Co., Ltd.
Sinotyre International Group Co., Ltd.
Sportrak Tire Group Limited
Tianjin Leviathan International Trade Co., Ltd.
Top Tyre Industry Co., Limited
Toyo Tire (Zhucheng) Co., Ltd.
Triangle Tyre Co., Ltd.
Tyrechamp Group Co., Limited
Wanli Group Trade Limited
Weifang Shunfuchang Rubber And Plastic Products Co., Ltd.
Weihai Ping'an Tyre Co., Ltd.
Weihai Zhongwei Rubber Co., Ltd.
Wendeng Sanfeng Tyre Co., Ltd.
Xuzhou Xugong Tyres Co., Ltd.
Yokohama Rubber Co., Ltd.
Yongsheng Group Co., Ltd.
Zhongce Rubber Group Co., Ltd.
Zhucheng Guoxin Rubber Co., Ltd.

Appendix II

Separate Rate Applicants That Submitted Supplemental Responses

Actyon Tyre Resources Co., Limited
Aeolus Tyre Co., Ltd.
Aosen Tire Co., Ltd.
Bayi Rubber Co., Ltd.
Briway Tire Co., Ltd.
Chaoyang Long March Tyre Co., Ltd.
Fleming Limited
Giti Tire (Anhui) Company Ltd.
Giti Tire (Fujian) Company Ltd.
Giti Tire (Yinchuan) Company Ltd.
Giti Tire Global Trading Pte. Ltd.
Guizhou Tyre Import and Export Co., Ltd.
Jiangsu General Science Technology Co., Ltd.
Maxon Int'l Co., Limited
Philixx Tyres and Accessories Limited
Pirelli Tyre Co., Ltd.
Prinx Chengshan (Shandong) Tire Co., Ltd.
Qingdao Doublestar Overseas Trading Co., Ltd.
Qingdao Doublestar Tire Industrial Co., Ltd.
Qingdao Fudong Tyre Co., Ltd.
Qingdao Ge Rui Da Rubber Co., Ltd.
Qingdao Honghua Tyre Factory
Qingdao Jinhaoyang International Co., Ltd.
Qingdao Lakesea Tyre Co., Ltd.
Qingdao Nama Industrial Co., Ltd.
Qingdao Tanco Tire Industrial & Commercial Co., Ltd.
Rodeo Tire Ltd.
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.
Shandong Transtone Tyre Co., Ltd.
Shandong Vheal Group Co., Ltd.
Shandong Wanshine Tire Co., Ltd.
Shandong Xingyuan Tire Group Co., Ltd.
Shandong Yongsheng Rubber Group Co., Ltd.
Shanghai Durotyre International Trading Co., Ltd.
Shenzhen Zhongjin Import & Export Co., Ltd.
Sichuan Kalevei Technology Co., Ltd.
Sichuan Tyre & Rubber Co., Ltd.
Shuma Tyre International (Qingdao) Co., Ltd.
Top Tyre Industry Co., Limited
Tyrechamp Group Co., Limited
Wanli Group Trade Limited
Weifang Shunfuchang Rubber And Plastic Products Co., Ltd.

Weihai Ping'an Tyre Co., Ltd.
Yongsheng Group Co., Ltd.
Zhongce Rubber Group Co., Ltd.

Appendix III

Wholly Foreign-Owned Separate Rate Applicants

Chongqing Hankook Tire Co., Ltd.
Cooper Tire (China) Investment Co., Ltd.
Giti Tire (Anhui) Company Ltd.
Goodyear Dalian Tire Co., Ltd.
Kumho Tire Co., Inc.
Michelin Asia-Pacific Export (HK) Limited
Prinx Chengshan (Shandong) Tire Co., Ltd.
Tianjin Leviathan International Trade Co., Ltd.
Toyo Tire (Zhucheng) Co., Ltd.
Yokohama Rubber Co., Ltd.

Appendix IV

Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

Actyon Tyre Resources Co., Limited
Aeolus Tyre Co., Ltd.
Aosen Tire Co., Ltd.
Bayi Rubber Co., Ltd.
Beijing BOE Commerce Co., Ltd.
Best Choice International Trade Co., Ltd.
Bestyre International Industrial Limited
BOE Commerce Co., Ltd.
Briway Tire Co., Ltd.
Chaoyang Long March Tyre Co., Ltd.
Chonche Auto Double Happiness Tyre Corp. Ltd.
Daking Industrial Co., Limited
Double Coin Holdings Ltd.
Fleming Limited
Giti Tire (Fujian) Company Ltd.
Giti Tire (Yinchuan) Company Ltd.
Giti Tire Global Trading Pte. Ltd.
Guizhou Tyre Import and Export Co., Ltd.
Hongkong Tiancheng Investment & Trading Co., Limited
Hongtyre Group Co.
Jiangsu General Science Technology Co., Ltd.
Jiangsu Hankook Tire Co., Ltd.
Koryo International Industrial Limited
Longkou Xinglong Tyre Co., Ltd.
Maxon Int'l Co., Limited
Megalith Industrial Group Co., Ltd.
Newland Tyre Int'l Limited
Noble Manufacture Co., Ltd.
Philixx Tyres and Accessories Limited
Pirelli Tyre Co., Ltd.
Q&J Industrial Group Co., Limited
Qingdao Au-Shine Group Co., Ltd.
Qingdao Champion International Trading Co., Ltd.
Qingdao Doublestar Overseas Trading Co., Ltd.
Qingdao Doublestar Tire Industrial Co., Ltd.
Qingdao Fudong Tyre Co., Ltd.
Qingdao Fullrun Tyre Corp. Ltd.
Qingdao Ge Rui Da Rubber Co., Ltd.
Qingdao Honghua Tyre Factory
Qingdao Jinhaoyang International Co., Ltd.
Qingdao Keter International Co., Ltd.

Qingdao Lakesea Tyre Co., Ltd.
Qingdao Milestone Tyres Co., Limited
Qingdao Nama Industrial Co., Ltd.
Qingdao Odyking Tyre Co., Ltd.
Qingdao Qianzhen Tyre Co., Ltd.
Qingdao Qizhou Rubber Co., Ltd.
Qingdao Rhino International Co., Ltd.
Qingdao Taihao Tyre Co., Ltd.
Qingdao Tanco Tire Industrial & Commercial Co., Ltd.
Qingdao Yellow Sea Rubber Co., Ltd.
Qingdao Yongdao International Trade Co., Ltd.
Rodeo Tire Ltd.
Rover Tire Co., Ltd.
Sailun Jinyu Group Co., Ltd.
Shaanxi Yanchang Petroleum Group Rubber Co., Ltd.
Shandong Anchi Tyres Co., Ltd.
Shandong Haohua Tire Co., Ltd.
Shandong Haoyu Rubber Co., Ltd.
Shandong Hawk International Rubber Industry Co., Ltd.
Shandong Hengfeng Rubber & Plastic Co., Ltd.
Shandong Hengyu Science & Technology Co., Ltd.
Shandong Homerun Tires Co., Ltd.
Shandong Huasheng Rubber Co., Ltd.
Shandong Hugerubber Co., Ltd.
Shandong Huitong Tyre Co., Ltd.
Shandong Kaixuan Rubber Co., Ltd.
Shandong Linglong Tyre Co., Ltd.
Shandong O'Green Tyres Co., Ltd.
Shandong Province Sanli Tire Manufactured Co., Ltd.
Shandong Sangong Rubber Co., Ltd.
Shandong Transtone Tyre Co., Ltd.
Shandong Vheal Group Co., Ltd.
Shandong Wanda Boto Tyre Co., Ltd.
Shandong Wanshine Tire Co., Ltd.
Shandong Xingyuan Tire Group Co., Ltd.
Shandong Yinbao Tyre Group Co., Ltd.
Shandong Yongfeng Tyres Co., Ltd.
Shandong Yongsheng Rubber Group Co., Ltd.
Shandong Yongtai Group Co., Ltd.
Shanghai Durotyre International Trading Co., Ltd.
Shengtai Group Co., Ltd.
Shenzhen Zhongjin Import & Export Co., Ltd.
Shifeng Juxing Tire Co., Ltd.
Shuma Tyre International (Qingdao) Co., Ltd.
Sichuan Kalevei Technology Co., Ltd.
Sichuan Tyre & Rubber Co., Ltd.

Sinotyre International Group Co., Ltd.
Sportrak Tire Group Limited
Top Tyre Industry Co., Limited
Triangle Tyre Co., Ltd.
Tyrechamp Group Co., Limited
Wanli Group Trade Limited
Weifang Shunfuchang Rubber And Plastic Products Co., Ltd.
Weihai Ping'an Tyre Co., Ltd.
Weihai Zhongwei Rubber Co., Ltd.
Wendeng Sanfeng Tyre Co., Ltd.
Xuzhou Xugong Tyres Co., Ltd.
Yongsheng Group Co., Ltd.
Zhongce Rubber Group Co., Ltd.
Zhucheng Guoxin Rubber Co., Ltd.