



## FACT SHEET

### **Commerce Initiates Antidumping Duty and Countervailing Duty Investigations of Imports of Certain New Pneumatic Off-The-Road Tires from China and India and a Countervailing Duty Investigation of Imports from Sri Lanka**

- On February 4, 2016, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of certain new pneumatic off-the-road tires from China and India, and a CVD investigation of imports of certain new pneumatic off-the-road tires from Sri Lanka.
- The AD and CVD laws provide U.S. businesses and workers with a transparent and internationally accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of AD investigations, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of CVD investigations, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- The petitioners for these investigations are Titan Tire Corporation (Des Moines, IA) and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (Pittsburgh, PA).
- The scope of these investigations is certain new pneumatic off-the-road tires (certain off road tires). Certain off road tires are tires with an off road tire size designation. The tires included in the scope may be either tube-type<sup>1</sup> or tubeless, radial, or non-radial, regardless of whether for original equipment manufacturers or the replacement market.
- Subject tires may have the following prefix or suffix designation, which appears on the sidewall of the tire:

#### Prefix designations:

DH – Identifies a tire intended for agricultural and logging service which must be mounted on a DH drop center rim.

VA – Identifies a tire intended for agricultural and logging service which must be mounted on a VA multipiece rim.

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<sup>1</sup> While tube-type tires are subject to the scope of this proceeding, tubes and flaps are not subject merchandise and therefore are not covered by the scope of this proceeding, regardless of the manner in which they are sold (*e.g.*, sold with or separately from subject merchandise).

IF – Identifies an agricultural tire to operate at 20% higher rated load than standard metric tires at the same inflation pressure.

VF – Identifies an agricultural tire to operate at 40% higher rated load than standard metric tires at the same inflation pressure.

Suffix designations:

ML – Mining and logging tires used in intermittent highway service.

DT – Tires primarily designed for sand and paver service.

NHS – Not for Highway Service.

TG – Tractor Grader, off-the-road tire for use on rims having bead seats with nominal +0.188” diameter (not for highway service).

K – Compactor tire for use on 5° drop center or semi-drop center rims having bead seats with nominal minus .032 diameter.

IND – Drive wheel tractor tire used in industrial service.

SL – Service limited to agricultural usage.

FI – Implement tire for agricultural towed highway service.

CFO – Cyclic Field Operation.

SS – Differentiates tires for off-highway vehicles such as mini and skid-steer loaders from other tires which use similar size designations such as 7.00-15TR and 7.00-15NHS, but may use different rim bead seat configurations.

- All tires marked with any of the prefixes or suffixes listed above in their sidewall markings are covered by the scope regardless of their intended use.
- In addition, all tires that lack any of the prefixes or suffixes listed above in their sidewall 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 following sections of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set forth below. The sections of the Tire and Rim Association Year Book listing numerical size designations of covered certain off road tires include:

The table of mining and logging tires included in the section on Truck-Bus tires;

The entire section on Off-the-Road tires;

The entire section on Agricultural tires; and

The following tables in the section on Industrial/ATV/Special Trailer tires:

- Industrial, Mining, Counterbalanced Lift Truck (Smooth Floors Only);
  - Industrial and Mining (Other than Smooth Floors);
  - Construction Equipment;
  - Off-the-Road and Counterbalanced Lift Truck (Smooth Floors Only);
  - Aerial Lift and Mobile Crane; and
  - Utility Vehicle and Lawn and Garden Tractor.
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- Certain off road 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 certain off road tires produced in the subject countries whether mounted on wheels or rims in a subject country or in a third country. Certain off road tires are covered whether or not they are accompanied by other parts, *e.g.*, a wheel, rim, axle parts, bolts, nuts, etc. Certain off road tires that enter attached to a vehicle are not covered by the scope.
  - Excluded from the scope of these investigations are any products covered by the existing antidumping and countervailing duty orders on Certain New Pneumatic Off-the-Road Tires from the People's Republic of China. *See Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Notice of Amended Final Affirmative Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 73 FR 51624 (September 4, 2008); *Certain New Pneumatic Off-the-Road Tires From the People's Republic of China: Countervailing Duty Order*, 73 FR 51627 (September 4, 2008).<sup>2</sup>
  - In addition, specifically excluded from the scope are passenger vehicle and light truck tires, racing tires, mobile home tires, motorcycle tires, all-terrain vehicle tires, bicycle tires, on-road or on-highway trailer tires, and truck and bus tires. Such tires generally have in common that the symbol "DOT" must appear on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Such excluded tires may also have the following prefixes and suffixes included as part of the size designation on their sidewalls:

Prefix letter designations:

AT – Identifies a tire intended for service on All-Terrain Vehicles;

P – Identifies a tire intended primarily for service on passenger cars;

LT – Identifies a tire intended primarily for service on light trucks;

T – Identifies a tire intended for one-position "temporary use" as a spare only; and

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<sup>2</sup> In these prior investigations, the Department found that imports of off road tires mounted on wheels were not within the scope of subject merchandise. *See 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 19.

ST – Identifies a special tire for trailers in highway service.

Suffix letter designations:

TR – Identifies a tire for service on trucks, buses, and other vehicles with rims having specified rim diameter of nominal plus 0.156” or plus 0.250”;

MH – Identifies tires for Mobile Homes;

HC – Identifies a heavy duty tire designated for use on “HC” 15” tapered rims used on trucks, buses, and other vehicles. This suffix is intended to differentiate among tires for light trucks, and other vehicles or other services, which use a similar designation.

Example: 8R17.5 LT, 8R17.5 HC;

LT – Identifies light truck tires for service on trucks, buses, trailers, and multipurpose passenger vehicles used in nominal highway service;

ST – Special tires for trailers in highway service; and

M/C – Identifies tires and rims for motorcycles.

- The following types of tires are also excluded from the scope: Pneumatic tires that are not new, including recycled or retreaded tires and used tires; non-pneumatic tires, including solid rubber tires; aircraft tires; and turf, lawn and garden, and golf tires. Also excluded from the scope are mining and construction tires that have a rim diameter equal to or exceeding 39 inches. Such tires may be distinguished from other tires of similar size by the number of plies that the construction and mining tires contain (minimum of 16) and the weight of such tires (minimum 1500 pounds).
- The subject merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0050, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, 4011.94.8000, 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.4550, 4011.99.8550, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, 8716.90.5035 and 8716.90.5055. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.
- In 2014, imports of certain new pneumatic off-the-road tires from China, India, and Sri Lanka were valued at an estimated \$6.2 million, \$167.3 million, and \$16.8 million, respectively.

## NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determinations on or before February 22, 2016.
- If the ITC determines that there is a reasonable indication that imports of certain new pneumatic off-the-road tires from China, India, and/or Sri Lanka materially injure, or threaten material injury to, the domestic off road tire industry, the investigations will continue, and Commerce will be scheduled to make its preliminary CVD determinations in April 2016 and its preliminary AD determinations in June 2016, unless the statutory deadlines are extended. If the ITC's preliminary determinations are negative, the investigations will be terminated.

## ALLEGED DUMPING MARGINS:

| COUNTRY | DUMPING MARGIN         |
|---------|------------------------|
| China   | 11.20 to 77.69 percent |
| India   | 10.77 to 76.45 percent |

## ESTIMATED SUBSIDY RATE:

| COUNTRY   | SUBSIDY RATE              |
|-----------|---------------------------|
| China     | Above <i>de minimis</i> * |
| India     | Above <i>de minimis</i> * |
| Sri Lanka | Above <i>de minimis</i> * |

\* *de minimis* = less than 1% for developed countries, less than 2% for developing countries.

## CASE CALENDAR:

| EVENT                            | AD INVESTIGATIONS  | CVD INVESTIGATIONS |
|----------------------------------|--------------------|--------------------|
| Petitions Filed                  | January 8, 2016    | January 8, 2016    |
| DOC Initiation Date ^            | February 3, 2016   | February 3, 2016   |
| ITC Preliminary Determinations*  | February 22, 2016  | February 22, 2016  |
| DOC Preliminary Determinations ^ | June 22, 2016      | April 8, 2016+     |
| DOC Final Determinations         | September 6, 2016+ | June 22, 2016      |
| ITC Final Determinations**       | October 20, 2016   | August 8, 2016+    |
| Issuance of Orders***            | October 27, 2016   | August 15, 2016+   |

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended (the Act). For AD investigations, the deadlines are set forth in sections 733(b) and 735(a) of the Act. These deadlines may be extended under certain circumstances.

+Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

\* If the ITC makes negative preliminary determinations of injury, the investigations are terminated.

\*\*This will take place only in the event of final affirmative determinations from Commerce.

\*\*\*This will take place only in the event of final affirmative determinations from Commerce and the ITC.

^As explained in the Memorandum for the Record from Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, "Tolling of Administrative Deadlines as a Result of the Government Closure during Snowstorm 'Jonas'" (January 27, 2016), Commerce has exercised its discretion to toll deadlines for four business days. Therefore, the initiation date for these investigations has been tolled by four days and all other deadlines have been adjusted accordingly.

\*This will take place only in the event of final affirmative determinations by Commerce and the ITC.

## IMPORT STATISTICS:

| <b>CHINA</b>     | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|------------------|-------------|-------------|-------------|
| Value (USD)      | 512,965,000 | 497,271,000 | 6,190,000   |
| <b>INDIA</b>     | <b>2012</b> | <b>2013</b> | <b>2014</b> |
| Value (USD)      | 241,312,000 | 188,925,000 | 167,268,000 |
| <b>SRI LANKA</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
| Value (USD)      | 97,231,000  | 94,695,000  | 76,820,000  |

Source: U.S. Census Bureau, accessed through Global Trade Atlas.

The 2014 data for China reported above represent imports of mounted tires from China for July-December 2014, as unmounted tires are covered in previous AD and CVD orders. Starting in July 2014, imports of mounted off road tires from China are entered under HTSUS 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020.

The 2014 data for India and Sri Lanka reported above represent imports of unmounted tires for calendar year 2014 and imports of mounted tires for July-December 2014. Starting in July 2014, imports of unmounted off road tires from India and Sri Lanka are entered under HTSUS 4011.20.1025, 4011.20.1035, 4011.20.5030, 4011.20.5050, 4011.61.0000, 4011.62.0000, 4011.63.0000, 4011.69.0050, 4011.92.0000, 4011.93.4000, 4011.93.8000, 4011.94.4000, and 4011.94.8000. Imports of mounted off road tires from India and Sri Lanka are entered under HTSUS 8431.49.9038, 8431.49.9090, 8709.90.0020, and 8716.90.1020. Prior to July 2014, imports of unmounted tires from India and Sri Lanka also entered under HTSUS 4011.69.0000.

Prior to July 2014, imports of mounted off road tires from China, India, and Sri Lanka also entered under HTSUS 8431.49.9040, 8431.49.9085, 8709.90.0000, and 8716.90.1000. These HTSUS subheadings are basket categories that may cover significant amounts of non-subject merchandise. Therefore, these HTSUS subheadings have been used to report import statistics for years 2012 and 2013 only and are excluded from the above import statistics for 2014.

We note that the import values for mounted off road tires include the value of both the tire and the wheel; however only the tire portion is covered by the scope of the investigations. Additionally, we note that the volume of subject imports could not be calculated, because for some subject imports, volume is not reported or is reported in multiple units of measurement.

Imports of certain new pneumatic off-the-road tires may also enter under HTSUS 4011.99.4550, 4011.99.8550, 8424.90.9080, 8431.20.0000, 8431.39.0010, 8431.49.1090, 8431.49.9030, 8432.90.0005, 8432.90.0015, 8432.90.0030, 8432.90.0080, 8433.90.5010, 8503.00.9560, 8708.70.0500, 8708.70.2500, 8708.70.4530, and 8716.90.5035. These HTSUS subheadings may cover significant amounts of non-subject merchandise and therefore have not been used for purposes of reporting import statistics above.