



FACT SHEET

Commerce Finds Dumping and Subsidization of Imports of Truck and Bus Tires from the People's Republic of China

- On January 23, 2017, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of truck and bus tires from the People's Republic of China (China).
- The AD and CVD laws provide U.S. businesses and workers with a transparent, quasi-judicial, 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 a foreign government 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.
- Commerce found that dumping has occurred by mandatory respondent Prinx Chengshan (Shandong) Tire Co., Ltd at a dumping margin of 9.00 percent. Commerce found that the other mandatory respondent, Double Coin Holding Ltd. is not eligible for a separate rate and is part of the China-wide entity. Commerce established a dumping margin of 9.00 percent for the non-selected respondents eligible for a separate rate. Commerce established a dumping margin of 22.57 percent based on adverse facts available for all other producers/exporters in China that are part of the China-wide entity due to their failure to respond to Commerce's requests for information.
- Commerce calculated final subsidy rates of 38.61 percent and 65.46 percent for mandatory respondents Double Coin Holdings Ltd. and Guizhou Tyre Co. Ltd, respectively. Commerce established a final subsidy rate of 52.04 percent for all other producers/exporters in China.
- As a result of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable weighted-average dumping margins. Further, as a result of the affirmative final CVD determination, if the U.S. International Trade Commission (ITC) issues an affirmative injury determination, Commerce will order the resumption of the suspension of liquidation and require cash deposits for countervailing duties equal to the final subsidy rates established during the proceedings. If the U.S. International Trade Commission (ITC) issues negative injury determinations, these investigations will be terminated and no producers or exporters will be subject to future cash deposits for either AD or countervailing duties. In such an event, all cash deposits already collected will be refunded.
- Critical circumstances were alleged with respect to imports of truck and bus tires from China. In the CVD investigation, Commerce preliminarily found that critical circumstances exist with respect to Guizhou Tyre Co. Ltd, and did not exist with respect to Double Coin Holdings Ltd. or all other companies. For the final CVD determination, Commerce found that critical circumstances do not

exist with respect to Double Coin Holdings Ltd., and that critical circumstances exist with respect to Guizhou Tyre Co. Ltd., and all other companies. In the AD investigation, Commerce preliminarily found that critical circumstances exist with respect to all exporters from China and continue to do so in the final determination. Where critical circumstances were found, CBP will be instructed to retroactively impose provisional measures on entries of truck and bus tires from China effective 90 days prior to publication of the preliminary determinations in the *Federal Register*.

- The petitioner for these investigations is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (PA).
- 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:

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

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

All tires with a “TR” 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; (2) non-pneumatic tires, such as solid rubber tires; and (3) tires that exhibit each of the following physical characteristics: (a) the designation “MH” is molded into the tire’s sidewall as part of the size designation; (b) the tire incorporates a warning, prominently molded on the sidewall, that the tire is for “Mobile Home Use Only;” and (c) the tire is of bias construction as evidenced by the fact that the construction code included in the size designation molded into the tire’s sidewall is not the letter “R.”

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: 4011.69.0020, 4011.69.0090, 4011.70.00, 4011.90.80, 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, 8708.70.6060, and 8716.90.5059.

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

- In 2015, imports of truck and bus tires from China were valued at an estimated \$1.07 billion.

NEXT STEPS

- The ITC is scheduled to make its final injury determinations on March 6, 2017.
- If the ITC makes affirmative final determinations that imports of truck and bus tires from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.

FINAL DUMPING MARGINS:

| COUNTRY | EXPORTER/PRODUCER | DUMPING RATES | CASH DEPOSIT |
|---------|---|---------------|--------------|
| China | Prinx Chengshan (Shandong) Tire Co., Ltd. | 9.00% | 0.00% |
| | Non-Selected Separate Rate Respondents | 9.00% | 0.00% |
| | China-Wide Rate | 22.57% | 0.00% |

NOTE: The difference between the dumping margins and the cash deposit rates represents the adjustment for the domestic pass-through subsidies and the export subsidies identified in the companion CVD investigation. We will not adjust the AD cash deposit to reflect offsets for certain subsidies because provisional measures in the companion CVD investigation expired and as a result, CVD cash deposits are not currently required. If the ITC issues an affirmative injury determination in the CVD investigation, Commerce will order the resumption of the suspension of liquidation, and will require cash deposits for countervailing duties. In that instance, the AD cash deposit rate will be adjusted to reflect offsets for the domestic pass-through and export subsidies.

FINAL SUBSIDY RATES

| COUNTRY | EXPORTER/PRODUCER | SUBSIDY RATES |
|---------|---------------------------|---------------|
| China | Double Coin Holdings Ltd. | 38.61% |
| | Guizhou Tyre Co. Ltd. | 65.46% |
| | All Others | 52.04% |

CASE CALENDAR:

| EVENT | AD | CVD |
|--------------------------------|-------------------|-------------------|
| Petitions Filed | January 29, 2016 | January 29, 2016 |
| DOC Initiations Date | February 18, 2016 | February 18, 2016 |
| ITC Preliminary Determinations | March 14, 2016 | March 14, 2016 |
| DOC Preliminary Determinations | August 26, 2016 | June 27, 2016 |
| DOC Final Determinations | January 19, 2017 | January 19, 2017 |
| ITC Final Determinations* | March 6, 2017† | March 6, 2017† |
| Issuance of Orders** | March 13, 2017† | March 13, 2017† |

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

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

*This will take place only in the event of a final affirmative determination by Commerce.

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

IMPORT STATISTICS:

| CHINA | 2013 | 2014 | 2015 |
|--------------------------|-------------|---------------|---------------|
| Volume (number of tires) | 6,276,000 | 8,420,000 | 8,908,000 |
| Value (USD) | 885,073,000 | 1,080,537,000 | 1,070,762,000 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4011.20.1015 and 4011.20.5020).

Imports of truck and bus tires may also enter under HTSUS 4011.69.0020, 4011.69.0090, 4011.70.00, 4011.90.80, 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, 8708.70.6060, and 8716.90.5059. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.