



## FACT SHEET

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

- On June 28, 2016, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of truck and bus tires from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- 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.
- Commerce calculated a preliminary subsidy rate of 17.06 percent for mandatory respondent Double Coin Holdings Ltd. and a preliminary subsidy rate of 23.38 percent for mandatory respondent Guizhou Tyre Co. Ltd. All other producers/exporters in China have been assigned a preliminary subsidy rate of 20.22 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- Commerce preliminary found that critical circumstances exist with respect to one exporter of truck and bus tires from China. Where critical circumstances were found, CBP will be instructed to impose provisional measures retroactively on entries of truck and bus tires effective 90 days prior to publication of the preliminary determination in the *Federal Register*.
- The petitioner for this investigation 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 these investigations 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;

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 these investigations 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 products subject to the scope are currently classified under the following 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. 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**

- Commerce has aligned the final countervailing duty determination with the final determination in the companion antidumping investigation; thus, Commerce is currently scheduled to announce its final determination on or about November 10, 2016, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of truck and bus tires from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce’s or the ITC’s final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

## PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Double Coin Holdings Ltd.	17.06%
	Guizhou Tyre Co. Ltd.	23.38%
	All Others	20.22%

## CASE CALENDAR:

EVENT	DATE
Petition Filed	January 29, 2016
DOC Initiation Date	February 18, 2016
ITC Preliminary Determination	March 14, 2016
DOC Preliminary Determination	June 27, 2016
DOC Final Determination	November 9, 2016
ITC Final Determination**	December 24, 2016
Issuance of Order***	December 31, 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. These deadlines may be extended under certain circumstances.

†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 an affirmative final determination from Commerce.

\*\*\*This will take place only in the event of affirmative final determinations from 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 4011.99.4520, 4011.99.4590, 4011.99.8520, 4011.99.8590, 8708.70.4530, 8708.70.6030, and 8708.70.6060. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics.