Steel Wheels from China

Investigation Nos. 701-TA-602 and 731-TA-1412 (Preliminary)

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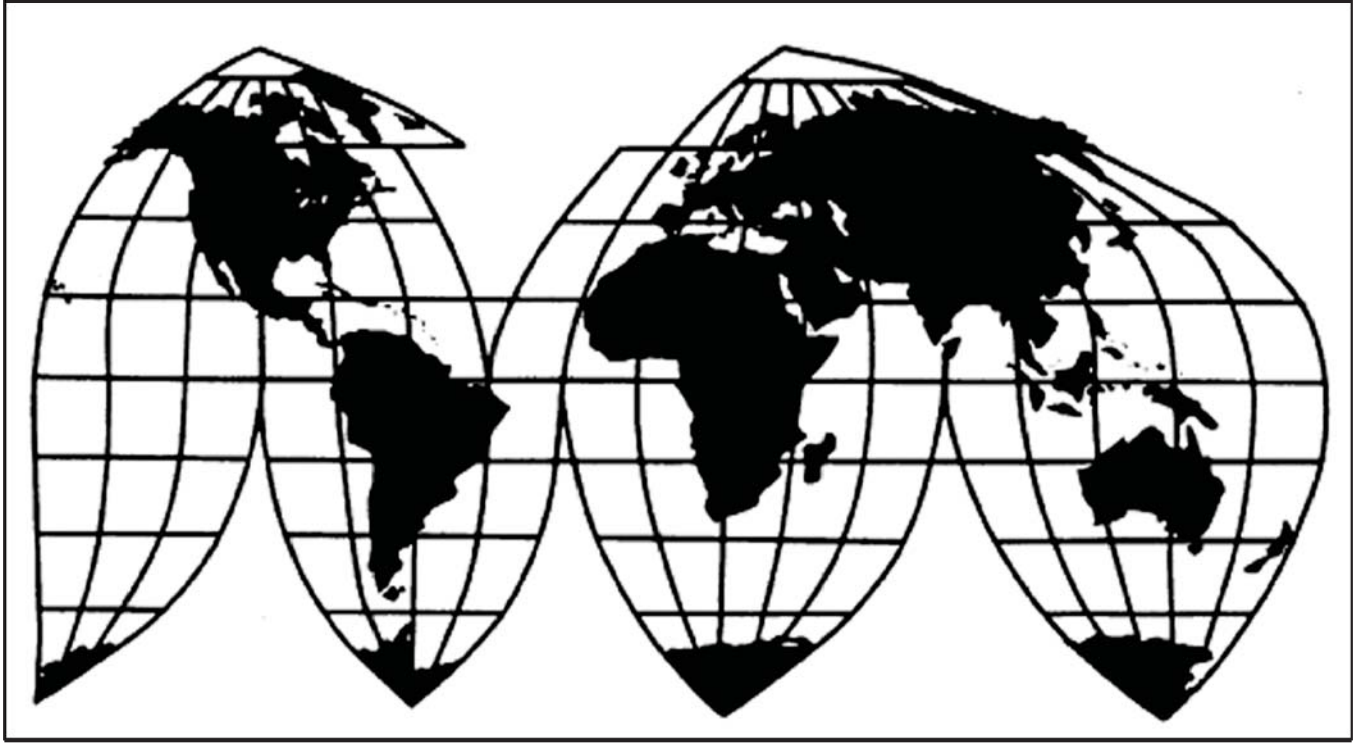
U.S. International Trade Commission



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U.S. International Trade Commission

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Craig Thomsen, Supervisory Investigator

Special assistance from

Amelia Preece, Economist

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-602 and 731-TA-1412 (Preliminary)

Steel Wheels from China

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel wheels from China that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of China.[2] [3]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] *Certain Steel Wheels From the People's Republic of China: Initiation of Countervailing Duty Investigation,* 83 FR 17794, April 24, 2018; *Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 17798, April 24, 2018.

[3] Commissioner Meredith M. Broadbent dissenting.

BACKGROUND

On March 27, 2018, Accuride Corporation, Evansville, Indiana, and Maxion Wheels Akron LLC, Akron, Ohio filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of steel wheels from China. Accordingly, effective March 27, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-602 and antidumping duty investigation No. 731-TA-1412 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 3, 2018 (83 FR 14295). The conference was held in Washington, DC, on April 17, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel wheels from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.[1]

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. Background

The petitions in these investigations were filed on March 27, 2018 by two domestic producers of steel wheels: Accuride Corporation ("Accuride") and Maxion Wheels Akron LLC ("Maxion"). Petitioners appeared at the conference and jointly submitted a postconference brief. Three respondents appeared at the conference and submitted postconference briefs: Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise"), a producer/exporter of steel wheels in China; Zhejiang Jingu Co., Ltd. ("Jingu") a producer/exporter of steel wheels in China; and Trans Texas Tire, LLC ("TTT"), an importer of steel wheels from China.

U.S. industry data are based on the questionnaire responses of the two known U.S. producers, accounting for all U.S. production of steel wheels in 2017.[4] U.S. import data are

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[1] Commissioner Broadbent determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of steel wheels from China that are allegedly sold in the United States at less than fair value and allegedly subsidized by the government of China. *See* Separate and Dissenting Views of Commissioner Meredith M. Broadbent. She joins in sections I through V.B. of these Views.

[2] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

[3] *American Lamb Co*., 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Report ("CR") at I-4; Public Report ("PR") at I-4.

based on questionnaire responses from 18 U.S. importers.[5] The Commission received responses to its questionnaires from six producers of subject merchandise in China, accounting for all reported subject imports in 2017 and approximately 24.0 percent of production of steel wheels in China.[6]

The Commission previously investigated steel wheels from China in 2011-2012 and made negative determinations.[7] The scope of the previous investigations was similar to these investigations, *i.e.* steel wheels used by trucks, buses, and trailers.[8]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[9] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[10] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[11]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[12] No single factor is

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[5] CR/PR at IV-1. As indicated in the Staff Report, the Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting numbers under which steel wheels enter include the following: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. CR/PR at IV-1. These reporting numbers are known to include nonsubject merchandise. CR/PR at IV-1 n.2. The parties agree that official import statistics are not useful for assessing the volume of subject imports although petitioners maintain that trends can be discerned from the official import statistics. Petitioners' Postconference Brief at 16; Sunrise's Postconference Brief at 9; Jingu's Postconference Brief at 20.

[6] CR/PR at VII-3.

[7] *Certain Steel Wheels from China*, Inv. Nos. 701-TA-478 and 731-TA-1182 (Final), USITC Pub. 4319 (May 2012) at I-7) ("*2012 Steel Wheels*").

[8] *2012 Steel Wheels* at 5-6. While the scope in these investigations includes 22.5 inch and 24.5 inch diameter steel wheels, the scope in the 2012 steel wheels investigations was broader, including steel wheels with a diameter of 18 to 24.5 inches as well as steel wheels for use with tube-type tires and off-the-road vehicles. *Id.*

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(10).

[12] *See*, *e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the (Continued…)

dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[14] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[15] the Commission determines what domestic product is like the imported articles Commerce has identified.[16] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[17]

A. Scope Definition

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

> certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 22.5

(…Continued)
particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[13] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[14] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[15] *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[16] *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[17] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

inches and 24.5 inches are generally for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses, and are the current standard wheel diameters for such applications. The standard widths of certain on-the-road steel wheels are 7.5 inches, 8.25 inches, and 9.0 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope. While 22.5 inches and 24.5 inches are standard wheel sizes used by Class 6, 7, and 8 commercial vehicles, the scope covers sizes that may be adopted in the future for Class 6, 7, and 8 commercial vehicles.

The scope includes certain on-the-road steel wheels with either a ''hub-piloted'' or ''stud-piloted'' mounting configuration, and includes rims and discs for such wheels, whether imported as an assembly or separately. The scope includes certain on-the-road steel wheels, discs, and rims, of carbon and/or alloy steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. All on-the-road wheels sold in the United States are subject to the requirements of the National Highway Traffic Safety Administration and bear markings, such as the ''DOT'' symbol, indicating compliance with applicable motor vehicle standards. See 49 CFR 571.120. The scope includes certain on-the-road steel wheels imported with or without the required markings. Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached are included. However, if the certain on-the-road steel wheel is imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached, the certain on- the-road steel wheel is covered by the scope, but the tire and/or valve stem is not covered by the scope.

Excluded from the scope are: (1) steel wheels for tube-type tires that require a removable side ring; (2) aluminum wheels; (3) wheels where steel represents less than fifty percent of the product by weight; and (4) steel wheels that do not meet National Highway Traffic Safety Administration requirements, other than the rim marking requirements found in 49 CFR 571.120S5.2.[18]

[18] *Certain Steel Wheels from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 17798, 17802 (April 24, 2018); *Certain Steel Wheels from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 Fed. Reg. 17794, 17797 (April 24, 2018). Commerce also noted that the "[i]mports of the subject merchandise are currently classified under the following HTSUS subheadings: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. Merchandise meeting the scope description may also enter under the (Continued…)

Steel wheels within the scope of investigation are on-the-road steel wheels, discs, and rims for use with tubeless tires.[19] These steel wheels are primarily used on Class 6, 7, and 8 commercial vehicles including trucks, trailers, and buses.[20] They come in two standard sizes: 22.5-inch and 24.5-inch diameters.[21] The scope does not include aluminum wheels, wheels for tube-type tires, and wheels for off-the-road vehicles.[22]

B. Analysis

Petitioners argue that the Commission's six factor test supports a finding that the domestic like product should be defined coextensively with the scope of investigation.[23] Respondents state that they do not dispute petitioners' proposed domestic like product definition for purposes of the preliminary phase of the investigations.[24]

Evidence on the record of these preliminary phase investigations indicates that all domestically produced steel wheels within the scope share the same physical characteristics and uses and can be used interchangeably if produced to the same size. They are all produced through a similar production process and are sold through similar channels of distribution. Information collected from domestic producers and importers concerning aluminum wheels and steel wheels for tube-type tires demonstrates that these out-of-scope products are distinct from in-scope steel wheels.[25] Accordingly, in light of the evidence and lack of contrary argument, we define a single domestic like product coextensive with the scope of the investigation.[26]

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following HTSUS subheadings: 4011.20.1015, 4011.20.5020, and 8708.99.4850. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive." *Id.*

[19] CR at I-11, PR at I-9. Steel wheels are comprised of discs and rims. They are generally welded together to form steel wheels prior to importation (discs and rims are included in the scope of the investigations in the event they are imported separately). CR at I-16, PR at I-12.

[20] CR at I-11, II-1, PR at I-9 to I-10, PR at II-1.

[21] CR at I-11, PR at I-9.

[22] Petition at I-13. Wheels for off-the-road vehicles are not produced to the requirements of the National Highway Traffic Safety Administration and are excluded from the scope.

[23] Petitioners' Postconference Brief at 8-12.

[24] Jingu's Postconference Brief at 3; Sunrise's Postconference Brief at 9. TTT did not address the definition of the domestic like product.

[25] When asked about the comparability of steel wheels and aluminum wheels in the questionnaires, both domestic producers and importers generally indicated that steel wheels and aluminum wheels are perceived as distinct products with different manufacturing processes at different price points. *See* CR/PR at Tables E-1, E-2, and E-3. Petitioners indicate that steel wheels for use with tube-type tires are not produced in the United States for road use. Petitioners' Postconference Brief at 11.

[26] We note that the Commission declined to include out-of-scope wheels in the definition of the domestic like product when the Commission considered steel wheels in previous investigations with (Continued…)

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[27] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[28] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[29]

Petitioners Accuride[30] and Maxion[31] are related parties because they imported subject merchandise during the 2015-2017 period of investigation ("POI").[32] Both Accuride's[33] and

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similar scope definitions. *See Tubeless Steel Disc Wheels from Brazil*, Inv. No. 731-TA-335 (Final), USITC Pub. 1971 (April 1987) at 5-6; *Certain Steel Wheels from Brazil*, Inv. No. 701-TA-296 (Final), USITC Pub. 2193 (May 1989) at 3-4; *2012 Steel Wheels* at I-7.

[27] 19 U.S.C. § 1677(4)(A).

[28] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[29] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation.

Changzhou Trina Solar Energy Co. v. USITC, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); *see also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[30] Accuride is also a related party because its *** subsidiary, KIC, LLC, is an importer of subject merchandise. 19 U.S.C. § 1677(4)(B)(ii)(I). KIC did not submit an importer questionnaire because ***. Accuride's Importer Questionnaire Response at I-6.

[31] Maxion is also a related party because it and an exporter of subject merchandise, Maxion (Nantong) Wheels Co. Ltd., are controlled by the same parent, Iochpe-Maxion S.A. (Brazil). 19 U.S.C. § 1677(4)(B)(ii)(III).

Maxion's[34] imports were ***, and the *** during the POI. No party has argued that either firm should be excluded from the definition of the domestic industry.[35] Accordingly, we find that appropriate circumstances do not exist to exclude either producer from the domestic industry.

For the above reasons, we define the domestic industry to include all domestic producers of steel wheels.

V. Reasonable Indication of Material Injury by Reason of Subject Imports[36]

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[37] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production

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[32] Accuride was the *** of the two domestic producers in 2017, accounting for *** percent of domestic production. CR/PR at Table III-1. Maxion accounted for the remaining *** percent of domestic production that year. *Id.*

[33] Accuride imported *** steel wheels from China in 2015 (the equivalent of *** percent of its domestic production), *** steel wheels in 2016 (the equivalent of *** percent of its domestic production), and *** steel wheels from China in 2017 (the equivalent of *** percent of its domestic production). CR/PR at Table III-10. Accuride stated that it imported ***. CR/PR at Table III-10.

[34] Maxion imported *** steel wheels from China in 2015 (the equivalent of *** percent of its domestic production). CR/PR at Table III-10. Maxion explained that the steel wheels it imported ***. *Id.*

[35] Petitioners contend that appropriate circumstances do not exist to exclude either domestic producer from the domestic industry because both producers imported *** during the POI. Further, petitioners explain that the domestic producers imported from China in an effort to compete with depressed prices offered by Chinese producers, and thus the purpose of importing was not to benefit from the imports but to be able to compete in the market. *See* Petitioners' Postconference Brief at 12-13. Respondents did not address the related party issue.

[36] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i). Negligibility is not an issue in these investigations. Subject imports from China accounted for 82.0 percent of total U.S. imports of steel wheels in the 12-month period (March 2017 through February 2018) preceding the initiation of these investigations. CR at IV-14, PR at IV-6 to IV-7.

[37] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects.

operations.[38] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[39] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[40] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[41]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[42] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[43] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[44]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material

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[38] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[39] 19 U.S.C. § 1677(7)(A).

[40] 19 U.S.C. § 1677(7)(C)(iii).

[41] 19 U.S.C. § 1677(7)(C)(iii).

[42] 19 U.S.C. §§ 1671b(a), 1673b(a).

[43] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[44] The Federal Circuit, in addressing the causation standard of the statute, has observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

injury threshold.[45] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[46] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[47] It is clear that the existence of injury caused by other factors does not compel a negative determination.[48]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to

[45] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[46] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[47] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[48] *See Nippon*, 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

the subject imports."[49] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[50]

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[51] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[52] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[53]

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[49] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[50] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[51] *Mittal Steel*, 542 F.3d at 875-79.

[52] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[53] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested (Continued…)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[54] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[55]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

The primary driver of demand for steel wheels is the production of trucks, buses, and trailers by original equipment manufacturers ("OEMs"). Respondents argue that both the substitution of aluminum wheels for steel wheels as well as a shift of truck and trailer production to Mexico have led to a decline in demand for steel wheels in the United States.[56] U.S. producers reported that demand for steel wheels in the United States decreased during the POI; importers' characterization of demand varied.[57]

Apparent U.S. consumption of steel wheels decreased by *** percent from 2015 to 2017. It fell from *** wheels in 2015 to *** wheels in 2016 before increasing to *** wheels in 2017.[58] Shipments to the aftermarket and the "other OEM" sectors of the U.S. market have been growing, while shipments to truck and trailer OEMs have declined over the POI (see below for discussion of market sectors).[59]

2. Supply Conditions

The domestic industry operated two plants and maintained the largest share of the U.S. market during the POI, although that share declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[60] Its reported capacity was stable and exceeded apparent U.S.

(…Continued)
information in the final phase of investigations in which there are substantial levels of nonsubject imports.

[54] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[55] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[56] Jingu's Postconference Brief at 10; TTT's Postconference Brief at 13.

[57] CR/PR at Table II-4.

[58] CR/PR at Table IV-8.

[59] *See* CR/PR at Tables IV-9, IV-10, IV-11 & IV-12.

[60] CR/PR at Table IV-8.

consumption throughout the POI.[61] In May 2017, Accuride acquired KIC, an importer of steel wheels from subject sources. Accuride reports that this acquisition will ***.[62]

Subject imports were the second largest source of supply to the U.S. market. Subject imports' share of apparent U.S. consumption increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[63]

Nonsubject imports' share of apparent U.S. consumption was relatively stable over the POI, increasing from *** percent in 2015 to *** percent in 2016 before declining to *** percent in 2017.[64] The two domestic producers *** in 2017.[65] The largest sources of nonsubject imports during the POI were Mexico and Canada.[66]

3. Other Conditions

Market Structure. The parties agree that there are four market sectors for steel wheels in the United States: truck OEMs, trailer OEMs, other OEMs, and the aftermarket. The four truck OEMs (Navistar, Daimler Trucks, PACCAR, and Volvo Trucks) accounted for *** to*** percent of apparent U.S. consumption during the POI.[67] The domestic industry supplied over *** percent of this portion of the market and there were no shipments of subject imports to truck OEMs during the POI.[68]

The trailer OEM sector accounted for about *** percent of apparent U.S. consumption. There were several dozen trailer OEMs; the largest are Hyundai Translead, Wabash National, Great Dane Trailers, Utility Trailer, and Vanguard National Trailer.[69] U.S. producers supplied approximately *** percent of this sector, with subject imports supplying almost all of the remainder.[70] Some of the smaller trailer OEMs purchase steel wheels through distributors rather than purchasing directly from producers or importers.[71]

Shipments to other OEMs, primarily bus OEMs, accounted for only *** to *** percent of apparent U.S. consumption during the POI.[72] While the domestic producers supplied just *** of this sector, subject imports' share increased over the POI and was larger than the domestic producers' share in 2017.[73]

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[61] CR/PR at Table III-4.
[62] CR at II-6 n.7, PR at II-3 n.7; CR/PR at Table III-10.
[63] CR/PR at Table IV-8.
[64] CR/PR at Table IV-8.
[65] CR/PR at Table IV-3.
[66] CR at VII-13, PR at VII-12.
[67] *See* CR/PR at Table IV-9.; CR at II-2, PR at II-1.
[68] *See* CR/PR at Table IV-9.
[69] CR at II-2, PR at II-1.
[70] *See* CR/PR at Table IV-10.
[71] CR at II-2 n.3, PR at II-1 n.3.
[72] *See* CR/PR at Table IV-11.
[73] *See* CR/PR at Table IV-11.

The aftermarket (*i.e.*, replacement market) accounted for approximately *** to *** percent of apparent U.S. consumption during the POI.[74] Subject imports' share of this sector was approximately *** percent, while domestic producers' share was just over ***. The aftermarket also includes sales to original equipment service ("OES") dealers and distributors as well as buying groups, which are groups of smaller purchasers joined together to increase purchasing power.[75] In total, more than *** percent of U.S. producers' sales during the POI were to OEMs while over *** percent of shipments of subject imports were to the aftermarket.[76]

Substitutability. The record indicates that there is a moderate to high degree of substitutability between domestically produced steel wheels and steel wheels imported from China.[77] *** domestic producers and 10 of 13 importers reported that the domestic like product and the subject imports were always or frequently interchangeable.[78] Although steel wheels can be produced from either carbon or alloy steel, they must meet standard specifications and are stamped to indicate that they are compliant with Department of Transportation regulations.[79] The domestic producers primarily sold alloy steel wheels while the shipments of subject imports were split between carbon steel wheels and alloy steel wheels.[80]

Producers and importers were asked to assess how often factors other than price were significant in sales between steel wheels produced in the United States, subject, and nonsubject countries. Purchasers indicated that non-price purchasing factors include quality, manufacturer, customers' specifications, availability, delivery, and lead time.[81] Producers and importers, however, generally reported that differences other than price were only sometimes

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[74] CR/PR at Table IV-12.

[75] Buying groups may represent a very small portion of aftermarket sales. CR at II-2, PR at II-1; Petitioners' Postconference Brief, Staff Answer 14.

[76] CR/PR at Table II-1.

[77] CR at II-12, PR at II-7.

[78] CR/PR at Table II-5.

[79] CR at I-12, PR at I-10. TTT asserts that subject imports have superior coatings and that domestically produced wheels are never galvanized, unlike subject imports. *See* TTT's Postconference Brief at 10. Petitioners contend that subject imports and domestically produced steel wheels have essentially the same zinc/epoxy/powder top coating. They also contend that there are very few steel wheels imported from China that are galvanized. *See* Petitioners' Postconference Brief, Staff Answer 16. In any final phase of these investigations, we will further examine these issues.

[80] CR/PR at Tables III-7 and IV-5. Parties disagree concerning the number of producers in China that produce alloy steel wheels. Jingu indicated that only three producers in China produce steel wheels from alloy steel. *See* Conf. Tr. at 132, 156 (Jin). Petitioners contend that ten firms in China produce alloy steel wheels. *See* Petitioners' Postconference Brief, Staff Answer 19.

We note that there are some differences between domestic product and subject imports with respect to the weight of wheels sold in the U.S. market, both for carbon steel and alloy steel wheels. CR/PR at Tables III-7 and IV-5. We will further examine these differences in any final phase of these investigations.

[81] CR at II-13, PR at II-7.

or never significant between domestic and Chinese steel wheels.[82] Accordingly, we find that price, in addition to other considerations, is an important factor in purchasing decisions for steel wheels.

Raw Materials. The primary raw material used to manufacture steel wheels is hot-rolled steel. Hot-rolled steel prices declined in 2015, increased during the first half of 2016, fluctuated through the fourth quarter of 2017, and rose significantly in 2018.[83] Raw material costs accounted for approximately *** percent of cost of goods sold in the production of steel wheels during the POI.[84] Contracts with larger OEMs reportedly contain provisions for raw material cost adjustment, with the adjustments occurring ***.[85] U.S. producers reported selling most of their steel wheels under long-term contracts while most subject imports were sold in the spot market.[86]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[87]

Subject imports had a substantial and increasing presence in the U.S. market during the POI.[88] Shipments of subject imports decreased from 784,679 wheels in 2015 to 762,809 wheels in 2016 and 861,662 wheels in 2017, a level 9.8 percent higher than in 2015.[89]

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[82] CR/PR at Table II-6.

[83] CR/PR at V-1. Hot-rolled steel is subject to import duties that were imposed in March 2018 under section 232 of the Trade Expansion Act of 1962. CR/PR at V-1 n.1.

[84] CR/PR at Table VI-1.

[85] CR/PR at V-1 n.3; V-4 n.5, PR at V-2 n.5. Domestic producers reported adjustments based on U.S. prices for hot-rolled steel. Sunrise reported that its ***. Sunrise's Postconference Brief at 21-22.

[86] CR at V-3, PR at V-2.

[87] 19 U.S.C. § 1677(7)(C)(i).

[88] The Commission issued questionnaires to importers identified by petitioners as well as to firms accounting for more than one percent of imports under HTS numbers 8708.70.4530 and 8716.90.5045, the two HTS numbers identified by petitioners as most likely to contain subject merchandise. The Commission received responses with usable data from 18 importers, as well as from 53 firms certifying that they were not importers of in-scope steel wheels. These responses accounted for 37.7 percent of imports from China by value under the six primary HTSUS numbers, and 65.5 percent of imports from China by value 2017 under the two "most relevant" HTSUS numbers. CR/PR at IV-1 n.2.

Although all parties acknowledge that official import statistics include substantial quantities of out-of-scope merchandise, petitioners argue that the Commission should rely upon official import statistics rather than U.S. importer questionnaire data for purposes of analyzing subject import trends. Given the uncertainty regarding out-of-scope products in the official statistics, we decline to rely on them. Petitioners also urge the Commission to rely upon exports to the United States reported in the foreign producer questionnaires instead of imports reported in importer questionnaires. Petitioners' Postconference Brief at 16-17. There are differences in year-to-year trends between these two data sets; however, we note that the 2.48 million wheels reported as subject imports in importer questionnaires exceed the 2.32 million wheels reported in foreign producer questionnaires as exports to (Continued…)

The volume of subject imports rose at a faster rate than apparent U.S. consumption and subject imports experienced a significant gain in market share at the expense of the domestic industry. Subject imports' share of apparent U.S. consumption increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017, an overall increase of *** percentage points.[90] In light of the foregoing, we find that the volume of subject imports and the increase in the volume of subject imports are significant in both absolute terms and relative to consumption.

We recognize that, despite their overall increase, subject imports' share of important sectors of the U.S. market declined and they were entirely absent from one. In the largest sector of the market, trailer OEMs, subject imports' share declined from *** percent in 2015 to *** percent in 2017.[91] In the second largest sector of the U.S. market, the aftermarket, subject imports' share declined slightly from *** percent in 2015 to *** percent in 2017.[92] As noted above, there were no shipments of subject imports to the truck OEM sector of the market.[93] Only in the smallest (but increasing) sector of the market, other OEMs, did subject imports' share increase, and at the expense of the domestic industry; subject imports' share of the other OEM sector increased from *** percent in 2015 to *** percent in 2017.[94] As discussed in our analysis of impact of the subject imports below, we will gather additional information concerning market segmentation and its effect on competition in any final phase of these investigations.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

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(…Continued)
the United States. *See* CR/PR at Table IV-2 & Table VII-3. We find for purposes of the preliminary phase of these investigations that the importer questionnaire data are reliable and probative of the volume of subject imports. In any final phase of these investigations, we will seek to increase coverage of subject imports.

[89] CR/PR at Tables IV-8 & C-1. Subject imports decreased from 822,590 wheels in 2015 to 741,324 wheels in 2016 and then increased to 913,173 wheels in 2017, a level 11.0 percent higher than in 2015. CR/PR at Table IV-2.

[90] CR/PR at Tables IV-8, C-1.

[91] *See* CR/PR at Table IV-10.

[92] *See* CR/PR at Table IV-12.

[93] *See* CR/PR at Table IV-9.

[94] *See* CR/PR at Table IV-11.

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[95]

As addressed in section V.B. above, the record indicates that there is a moderate to high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.

Both domestic producers and 11 importers of subject merchandise provided usable quarterly f.o.b. price data for four steel wheels pricing products,[96] although not all firms reported pricing for all products for all quarters.[97] Reported pricing data account for approximately 95 percent of domestic producers' U.S. commercial shipments and 78 percent of U.S. commercial shipments of subject imports during 2017.[98] Approximately eighty percent of domestic producers' sales included in the pricing data were for product 1.[99]

Subject imports consisting of 1.60 million steel wheels undersold the domestic like product in all 48 quarterly comparisons, at margins ranging from 12.3 percent to 44.9 percent.[100] Given the moderate to high degree of substitutability between the domestic like product and the subject imports and the importance of price in purchasing decisions, we find this underselling to be significant.[101]

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[95] 19 U.S.C. § 1677(7)(C)(ii).

[96] CR at V-5, PR at V-3. Product 1 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to OEMs. Product 2 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to the aftermarket. Product 3 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to OEMs. Product 4 is 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to the aftermarket. CR at V-5, PR at V-3.

[97] CR at V-5, PR at V-3.

[98] CR at V-5 to V-6, PR at V-3 to V-4.

[99] CR at V-15, PR at V-15.

[100] CR/PR at Table V-8.

[101] The Commission requested information concerning the domestic industry's lost sales and lost revenue due to competition from subject imports during the POI. *** domestic producers provided lost sales and lost revenue allegations. CR at V-16, PR at V-6. Thirteen of the 23 purchasers that responded to the preliminary phase lost sales/lost revenue survey reported purchasing imported steel wheels from China instead of domestically produced product since 2015. CR at V-17, PR at V-6. All thirteen of these purchasers reported that subject import prices were lower than the domestically produced product, and eight of these purchasers reported that price was a primary reason for the decision to purchase imported steel wheels rather than domestically produced steel wheels. CR at V-18, PR at V-6 to V-7. Five of the responding purchasers estimated the quantity of subject imports purchased instead of domestic product due to price; the reported total was *** steel wheels. CR/PR at Tables V-9 & V-10. Purchasers also cited quality, availability, terms, and finish as non-price reasons for purchasing imported rather than U.S.-produced steel wheels. CR at V-18, PR at V-7. Respondents have disputed the total number of confirmed lost sales and the number that occurred due to lower prices. *See* Jingu's Postconference Brief at 28; Sunrise's Postconference Brief at 24-25. In any final phase of these (Continued…)

We have also considered price trends for the domestic like product and subject imports during the POI. Domestic prices for three of the four pricing products (products 1, 2, and 3) declined between *** percent and *** percent over the POI as a whole.[102] However, prices for the domestic like product generally fell during 2015 and 2016 before recovering somewhat in 2017.[103] Prices for the subject imports declined for two of the four pricing products (products 3 and 4) by *** percent and *** percent, respectively.[104]

Domestic prices appear to have been affected by trends in raw material prices and demand over the POI. As noted, raw material costs accounted for a substantial share of U.S. producers' total cost of goods sold ("COGS"). Changes in raw material costs may be passed through to purchasers' prices through provisions in at least some purchase contracts (although typically with a lag).[105] The domestic industry's cost of raw materials per wheel fell from $*** in 2015 to $*** in 2016 and then increased to $*** in 2017.[106] Apparent U.S. consumption followed a similar trend, declining by *** percent from 2015 to 2016, and then increasing by *** percent in 2017.[107] Based on the record in the preliminary phase of these investigations, we cannot conclude that subject imports depressed the prices of the domestic like product to a significant degree.[108] In any final phase of these investigations, we intend to examine more closely the extent to which various factors, including subject imports, raw material costs, and demand influenced prices for steel wheels over the POI.

During the POI, the domestic industry's COGS to net sales ratio declined from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[109] The industry's unit raw material cost fell by $*** per wheel over the POI (it fell by $*** per wheel in 2016 then rose by $*** per wheel in 2017).[110] In light of the linkage between raw material costs and steel wheel prices, any increase in prices for the domestic like product from 2015-17 would have been unlikely; thus we cannot find that subject imports prevented price increases, which otherwise would have occurred, to a significant degree.

Accordingly, based on the record in the preliminary phase of these investigations, we find that subject imports significantly undersold the domestic like product. As a result of this underselling, the subject imports gained market share at the expense of the domestic industry,

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(…Continued)
investigations, we will further investigate the extent to which purchasers switched to subject imports from domestic product due to lower prices.

[102] CR/PR at Table V-8. Domestic prices for pricing product 4 increased slightly. *Id.*

[103] CR at V-15, PR at V-4; CR/PR at Table V-7, Figs. V-2 to V-5.

[104] CR/PR at Table at V-8. Subject import prices for pricing products 1 and 2 increased by *** percent and *** percent, respectively. *Id.*

[105] *See* Conf. Tr. at 87-89 87-89 (Risch and Monroe).

[106] CR/PR at Table VI-1.

[107] CR/PR at Table C-1.

[108] We note that only one of the 23 responding purchasers indicated that a U.S. producer had lowered its prices to compete with subject imports during the POI. CR/PR at Table V-11.

[109] CR/PR at Table VI-1.

[110] CR/PR at Table VI-2.

as described in section V.C. above. The low-priced subject imports consequently had significant effects on the domestic industry, which are described further below.

E. Impact of the Subject Imports[111]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[112]

As discussed above, subject imports captured market share at the expense of the domestic industry throughout the POI. Subject imports' share of apparent U.S. consumption increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017, an increase of *** percentage points.[113] As a result, the domestic industry lost *** percentage points of market share from 2015 to 2017, as its share of apparent U.S. consumption decreased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[114]

Most of the domestic industry's output indicia followed a trend similar to that of apparent U.S. consumption, falling in 2016 relative to 2015 before recovering somewhat in 2017.[115] While the domestic industry's capacity remained unchanged at *** wheels during the POI, its production declined from *** wheels in 2015 to *** wheels in 2016, but then increased to *** wheels in 2017, a level *** percent lower than in 2015.[116] As a result, the domestic industry's capacity utilization declined from *** percent in 2015 to *** percent in 2016 and then increased to *** percent in 2017.[117] U.S. producers' U.S. shipments declined from *** wheels in 2015 to *** wheels in 2016 but then increased to *** wheels in 2017, a level *** percent lower than in 2015.[118] The industry's end-of-period inventories increased from *** wheels in 2015 to *** wheels in 2016 and *** wheels in 2017.[119] The overall declines in

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[111] In its notice initiating the antidumping duty investigation on steel wheels from China, Commerce reported estimated antidumping duty margins ranging from 12.1 to 231.7 percent. *Certain Steel Wheels from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 Fed. Reg. 17798, 17800 (April 24, 2018).

[112] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[113] CR/PR at Tables IV-8, & C-1.

[114] CR/PR at Tables IV-8 & C-1.

[115] *See* CR/PR at Table C-1.

[116] CR/PR at Tables III-4 & C-1.

[117] CR/PR at Table III-4.

[118] CR/PR at Tables III-8 & Table C-1.

[119] CR/PR at Table III-9. The ratios of U.S. producers' end-of-period inventories to U.S. production, U.S. shipments, and total shipments each *** from 2015 to 2017. *Id*.

production and U.S. shipments of *** percent and *** percent, respectively, outpaced the *** percent decline in apparent U.S. consumption over the POI.[120]

The domestic industry's employment indicia generally declined. From 2015 to 2017, the domestic industry's number of production related workers ("PRWs") declined by *** percent, hours worked declined by *** percent, and wages paid declined by *** percent.[121] Hourly wages increased by *** percent from 2015 to 2017 while productivity fluctuated but was unchanged over the period as a whole.[122]

Although the domestic industry's unit net sales values and total sales revenues declined from 2015 to 2017, the industry became more profitable due to declining costs.[123] The industry's gross profits, operating income, net income, and operating and net income ratios all increased from 2015 to 2017[124] as the industry's raw material costs declined.[125] The industry reduced its capital expenditures[126] but its research and development expenses and return on investment were relatively stable over the period.[127]

For purposes of the preliminary phase of these investigations, we find that subject imports had a significant impact on the domestic industry. Low-priced subject imports increased significantly in absolute terms and relative to consumption during the POI and significantly undersold the domestic like product, causing the domestic industry's market share to decline. The domestic industry's production and shipments decreased more than demand over the POI. As a result, the domestic industry's capacity utilization, employment, revenues,

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[120] *See* CR/PR at Table VI-1.

[121] The number of PRWs was *** in 2015, *** in 2016, and *** in 2017. Total hours worked were *** hours in 2015, *** hours in 2016, and *** hours in 2017. Wages paid were $*** million in 2015, $*** million in 2016, and $*** million in 2017. CR/PR at Table III-11.

[122] Hourly wages were $*** in 2015, $*** in 2016, and $*** in 2017. Productivity was *** wheels per hour in 2015, *** wheels per hour in 2016, and *** wheels per hour in 2017. CR/PR at Table III-11.

[123] *See* CR/PR at Table VI-1. The domestic industry's total net sales declined from $*** in 2015 to $*** in 2016, and then increased to $*** in 2017. CR/PR at Table VI-1. Its average unit net sales value declined from $*** per wheel in 2015 to $*** per wheel in 2016 and then increased to $*** per wheel in 2017. *Id*.

[124] Gross profits increased from $*** in 2015 to $*** in 2016 and $*** in 2017. CR/PR at Table VI-1. Operating income and net income increased from $*** in 2015 to $*** in 2016 and $*** in 2017. *Id*. Operating income (and net income) as a ratio of net sales increased from *** percent in 2015 to *** percent in 2016 and *** percent in 2017. *Id*.

[125] The domestic industry's cost of raw materials per wheel fell from $*** in 2015 to $*** in 2017. Largely as a result of this lower expense, the domestic industry's unit COGS declined from $*** per wheel in 2015 to $*** per wheel in 2017. *See* CR/PR at Table VI-1.

[126] The domestic industry's capital expenditures were $*** in 2015, $*** in 2016, and $*** in 2017. CR/PR at Table VI-5. Both Accuride and Maxion attribute their ***. Accuride stated: "***." CR/PR at Table VI-8. Maxion noted that it "***." *Id.*

[127] The industry's research and development expenses were $*** in 2015, $*** in 2016, and $*** in 2017. CR/PR at Table VI-5. The industry's return on assets, expressed as operating income as a share of total assets, declined from *** percent in 2015 to *** percent in 2016, but then rose to *** percent in 2017. CR/PR at Table VI-6.

and profits were lower than they would have been otherwise throughout the POI. In light of these considerations, we find that subject imports had a significant adverse impact on the domestic industry.[128]

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. As discussed above, nonsubject imports maintained a steady presence in the U.S. market during the POI.[129] Pricing information the Commission gathered indicates that nonsubject imports generally were priced higher than subject imports.[130] Therefore, based upon the current record, nonsubject imports do not explain the domestic industry's market share losses throughout the POI or the observed declines in the domestic industry's output. Furthermore, while apparent U.S. consumption decreased from 2015-17, the domestic industry's declines in market share and output exceeded the decline in apparent U.S. consumption. Thus, demand trends do not appear to explain all the declines in the domestic industry's condition.

Respondents have argued that competition between subject imports and domestic product is highly attenuated because subject imports are concentrated in the aftermarket while domestically produced steel wheels are primarily sold to OEMs.[131] Respondents emphasize that truck OEMs have not purchased subject imports largely due to the challenges producers in China face with respect to purchasers' qualification and other requirements. They claim that although Jingu and Sunrise both managed to qualify with individual truck OEMs, they never made any sales to these OEMs as truck OEMs prefer to purchase domestically produced steel wheels for several reasons.[132]

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[128] Under the statute we consider the industry "as a whole." *See, e.g., Timken Co. v. United States*, 321 F. Supp. 2d (Ct. Int'l Trade 2004) at 13, n. 2 ("The purpose of the antidumping statute . . . is to protect United States industries not specific corporations from unfair behavior by foreign competitors."); *Calabrian Corp. v. United States*, 794 F. Supp. 377, 385-86 (Ct. Int'l Trade 1992) ("This Court has repeatedly affirmed . . . . that 'Congress intended the ITC determine whether or not the domestic industry (as a whole) has experienced material injury due to the imports. This language defies the suggestion that the ITC must make a disaggregated analysis of material injury."' quoting *Copperweld Corp. v. United States*, 682 F. Supp. 552, 569 (Ct. Int'l Trade 1988) (other citations omitted)). Nevertheless, there are ***. We will examine the reasons for these *** in any final phase of these investigations.

[129] Shipments of nonsubject imports fluctuated but declined overall from 174,274 wheels in 2015 to 172,317 wheels in 2017. CR/PR at Table IV-8. Their market share fluctuated year-to-year but accounted for *** percent of the market during both 2015 and 2017. *Id.* We recognize that *** of the nonsubject imports during the POI were imported by the domestic producers. *See* CR/PR at Table IV-3.

[130] CR/PR at D-3. Nonsubject imports from Mexico, the largest source, were priced higher than subject imports in all of 26 available pricing comparisons. *Id.*

[131] Jingu's Postconference Brief at 23; Sunrise's Postconference Brief at 14-15.

[132] Jingu's Postconference Brief at 6; TTT's Postconference Brief at 5-6. Respondents claim that domestic suppliers have important advantages over importers that include: (1) just in time delivery; (2) broader product range, including aluminum wheels; (3) local sales and technical support; and (4) no currency risk. Jingu's Postconference Brief at 7; TTT's Postconference Brief at 4-5. Respondents also (Continued…)

The record indeed shows that subject imports were not present in the truck OEM sector, which accounted for between *** and *** percent of the overall market, and roughly one-third of the domestic industry's shipments over the POI.[133] On the other hand, subject imports had an appreciable presence in the trailer OEM sector, which accounted for *** percent of the overall market in 2015 and *** percent in 2017.[134] The record indicates that some large trailer OEMs (***) have purchased or imported subject imports, as have smaller trailer OEMs.[135] The record indicates, however, that subject import shipments to trailer OEMs declined over the POI and lost market share in this sector.[136] Although the other OEM sector of the market is relatively small, it increased from *** percent of the total market in 2015 to *** percent in 2017.[137] Subject imports' share of this sector grew from *** percent to *** percent over the POI.[138] ***.[139] ***.[140] In any final phase of these investigations, we will further examine the nature of competition from subject imports in the OEM sectors.

The aftermarket was the second largest sector of the market during the POI and it increased in size.[141] This sector accounted for *** percent of the total market in 2015 and *** percent in 2017.[142] Subject imports had a roughly steady share of this sector (*** percent in 2015 and *** percent in 2017), while domestic producers' share fell (from *** percent to *** percent). [143] Respondents claim this is due to domestic producers prioritizing sales to the OEMS, and having less interest in the aftermarket.[144] Petitioners disagree and claim to make substantial sales efforts in the aftermarket; they contend that subject imports' success in the aftermarket is due to low prices.[145] In any final phase of these investigations, we will more closely examine factors affecting competition in the aftermarket, including purchasing patterns by distributors and buying groups.

(…Continued)
maintain that high costs associated with liability insurance for product recalls make the U.S. market risky for smaller Chinese producers. *Id.*

[133] CR/PR at Table IV-9.

[134] CR/PR at Table IV-10.

[135] CR/PR at Table V-9; Tr. at 135-136 (Jin).

[136] *See* CR/PR at Tables IV-4 and IV-10.

[137] CR/PR at Table IV-11. In any final phase of these investigations, we will further examine the divergent trends in consumption in the different sectors of the U.S. steel wheel market.

[138] *See* CR/PR at Tables IV-4 and IV-11. Subject import shipments to other OEMs increased from *** wheels in 2015 to *** wheels in 2017. *Id.*

[139] *See* CR/PR at Table V-9.

[140] Sunrise's Postconference Brief at 21.

[141] *See* CR/PR at Table IV-12.

[142] *See* CR/PR at Table IV-12.

[143] *See* CR/PR at Table IV-12.

[144] For example, they claim that domestic producers have minimum sales quantities and inconvenient delivery terms, and have offered to sell steel wheels produced in Mexico for delivery in Mexico instead of offering domestically produced wheels. TTT's Postconference Brief at 8-9.

[145] Petitioners provide a confidential statement from ***. Petitioners' Postconference Brief at 31 & Exhibit 7.

For the foregoing reasons, we find that the record of the preliminary phase of these investigations supports a determination that there is a reasonable indication of material injury by reason of subject imports.

VI. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of steel wheels from China that are allegedly subsidized and sold in the United States at less than fair value.[146]

[146] Commissioner Meredith M. Broadbent dissenting.

Dissenting Views of Commissioner Meredith M. Broadbent

Based on the record in the preliminary phase of this investigation, I find that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of steel wheels from China that are allegedly sold in the United States at less than fair value or subsidized by the government of China. I join with and adopt as my own sections I-V.B of the Views of the Commission.

My separate negative determination rests primarily upon the clear and convincing evidence in the record as a whole that supports findings that: (1) subject imports increased because of their concentration in the growing aftermarket, and did not take market share from domestic producers in either the aftermarket or sales to OEMs; (2) the domestic industry's decline in shipments was due to its concentration in the OEM market segment, which experienced a decline in demand; (3) subject imports did not significantly depress or suppress U.S. producers' prices; (4) the domestic industry was able to maintain stable, high profit margins; and (5) future volumes of subject imports are not likely to cause material injury to the domestic industry.

I. Legal Standard for Preliminary Determinations

In preliminary phase investigations, the Commission is required to determine whether there is a "reasonable indication" of material injury or a threat of material injury by reason of the subject imports.[1] In *American Lamb Co. v. United States*,[2] the Federal Circuit held that the "reasonable indication" standard does not mean that the Commission is to determine only whether there is a "possibility" of material injury.[3] Instead, the Federal Circuit stated that the Commission may appropriately weigh the record evidence in a preliminary determination in order to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[4] Indeed, the Federal Circuit has stated that "{t}he

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[1] 19 U.S.C. §§1671b(a)(l) & 1673b(a)(l).

[2] 785 F.2d 994, 1001-04 (Fed. Cir. 1986).

[3] *Id.* at 1004.

[4] *Id.* at 1001. With respect to the "clear and convincing evidence" standard articulated in *American Lamb*, the Court of International Trade ("CIT") has stated that the Commission need not find each piece of evidence to be clear and convincing, but instead has found that *American Lamb* requires only that "'the record as a whole' contain clear and convincing evidence that there is no material injury or threat of material injury by reason of imports." *Celanese Chemicals Ltd. v. United States*, — F. Supp. 2d—, Slip Op. 07-16 (Ct. Int'l Trade January 29, 2007) at 11("each piece of evidence" need not be clear and convincing, but the record as a whole); *Connecticut Steel Corp. v. United States*, — F. Supp.— , Slip Op. 06-159 (October 31, 2006) at 15; *Connecticut Steel Corp. v. United States*, 852 F. Supp. 1061, 1064 (Ct. Int'l Trade 1994). Moreover, the CIT has reaffirmed that in applying the reasonable indication "standard for making a preliminary determination regarding material injury or threat of material injury, the

statute calls for a reasonable indication of injury, not a reasonable indication of need for further inquiry."[5] In addition, the Federal Circuit has stated that Congress intended the Commission to use preliminary determinations to avoid the cost and disruptions to trade caused by unnecessary investigations.[6]

II. No Reasonable Indication of Material Injury by Reason of Subject Imports from China

A. Measurement of the Volume of Subject Imports

The subject steel wheels are imported under various statistical reporting numbers that also include products outside the scope of these investigations, and consequently the official import statistics overstate imports of the subject steel wheels into the U.S. market.[7] To assess the volume of imports from subject and non-subject sources as accurately as possible, I rely on

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Commission may weigh all evidence before it and resolve conflicts in the evidence." *Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353, 1368 (Ct. Intl. Trade 1999).

In the Commission's analysis of whether no likelihood exists that contrary evidence will arise in a final investigation, the CIT has stated that the Commission "must analyze the 'best information available' contained in the record at the time of its determination and judge the likelihood that evidence contrary to that already gathered will arise in a final determination that would support an affirmative determination." *Calabrian Coro. v. U.S. Int'l Trade Comm'n*, 794 F. Supp. 377, 386 (Ct. In'tl Trade 1992). Additionally, the CIT has stated that "a showing of likelihood requires more than speculation, or the indication that something might happen." *Committee for Fair Coke Trade v. United States*, — F. Supp. 2d.----, Slip Op. 04-68 at 37 (Ct. Int'l Trade June 10, 2004).

[5] *Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[6] *American Lamb*, 785 F.2d at 1004.

[7] CR/PR at IV-1 n. 2. Petitioners argue that, while import statistics under the six HTSUS subheadings that include subject steel wheels are broader than the scope and likely contain nonsubject merchandise, "they remain a potentially useful source of information for the Commission, as they are believed to reflect the same trends over the relevant period as subject imports." Petitioners Post-conference Brief at 16. However, evidence on the record indicates that imports covered by these HTSUS subheadings are significantly broader than the actual volume of subject imports. The value of imports entering under these six HTSUS subheadings from China was more than ten times the value of subject imports reported by U.S. importers over the POI. CR/PR at IV-1. Staff issued U.S. importer questionnaires to firms listed in the petitions as well as firms that may have accounted for more than one percent of the value of total U.S. imports under the two HTSUS subheadings reported by petitioners to be most relevant to the scope. Of the firms that provided U.S. importer questionnaires, 53 firms reported that they were not importers of in-scope steel wheels during the period of investigation, while 18 firms provided usable data. The fact that a large majority of such firms did not, in fact, import the subject merchandise suggests that a substantial volume of imports under these broad HTSUS categories are not subject merchandise. CR/PR at IV-1 n. 2. Given that the six HTSUS categories are overly broad for purposes of analyzing in-scope merchandise, I attribute little weight to the volume levels and trends of imports presented in these official statistics.

data reported in U.S. importer questionnaires. Although I recognize that the questionnaire data do not cover 100 percent of U.S. imports, the coverage provided by U.S. importers is relatively high and is consistent with the U.S. importer response rate received by the Commission in the final phase of the Commission's investigations in *2012 Steel Wheels*.[8] [9] In addition, I note that the mere possibility of additional coverage in any final phase investigation does not dispose me toward any particular outcome in this preliminary phase given the lack of evidence that additional importer questionnaires would result in substantially different import trends.[10]

Petitioners argue that because there is a higher volume of Chinese exports reported by foreign producers in 2017 than the volume of subject imports reported by U.S. importers in that year, the Commission should not rely on data contained in importer questionnaires and should instead rely on data contained in foreign producer questionnaire responses.[11] However, importer questionnaire responses provide a more accurate measurement of U.S. imports than export data provided by foreign producers due to U.S. importers' knowledge of what merchandise actually entered the United States as well as when such imports occurred. In addition, over the full period of investigation, the volume of subject imports reported by U.S. importers was higher than the exports reported by foreign producers.[12] Therefore, importer coverage is at least as comprehensive as foreign producer coverage, even if the year-to-year volumes provided by the two sets of firms are different. Given the relatively high U.S. importer coverage, I reject Petitioners' recommendation to use foreign producer data for purposes of measuring the volume of subject imports.

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[8] Although staff were able to identify the existence of several U.S. importers that did not provide importer questionnaires in these investigations, these importers are estimated to account for only 13.4 percent of total U.S. shipments of imports from China in 2017, based on data compiled in response to Commission questionnaires. Derived from U.S. Purchaser Questionnaire Response of *** and Foreign Producer Questionnaire Responses of ***. Petitioners themselves did not identify any additional U.S. importers the Commission should contact in their postconference brief, which they would presumably be able to do if they were facing competition from these other firms. *See generally* Petitioners Postconference Brief.

[9] *2012 Steel Wheels* at 23.

[10] *See Committee for Fair Coke Trade v. United States*, — F. Supp. 2d.—, Slip Op. 04-68 at 36-37 ("Plaintiffs' main complaint is that the questionnaire responses collected by the ITC do not cover 100% of imports. Although the ITC concedes its information was not complete, e.g., that 20% of U.S. imports from China were not accounted for by the questionnaire responses, the ITC 'is not required to gather 100% coverage in the questionnaire responses before it can make a determination.' *United States Steel Group v. United States*, 18 CIT 1190, 1203, 873 F. Supp. 673, 688 (1994) (in context of final determination); *Torrington Co. v. United States*, 16 CIT 220, 223--24, 790 F. Supp. 1161, 1166 (1992), aff'd 991 F.2d 809 (Fed. Cir.1993) (finding in the context of a preliminary determination that the ITC did not abuse its discretion by using questionnaire responses that 'represented a substantial majority of domestic production').").

[11] Petitioners Post-conference Brief at 23.

[12] *Compare* CR/PR at Table IV-2 to CR/PR at Table VII-3.

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[13]

Subject imports decreased from 822,590 wheels in 2015 to 741,324 wheels in 2016 before increasing to 913,173 wheels in 2017, for an overall increase of 11.0 percent.[14] Apparent U.S. consumption followed a similar pattern but ended the period slightly lower than at the beginning, falling from *** wheels in 2015 to *** wheels in 2016, and then increasing to *** wheels in 2017, for an overall decrease of *** percent.[15] Thus, subject imports' market share increased slightly from *** percent in 2015 to *** percent in 2016, and then increased to *** percent in 2017.[16] These changes coincided with the domestic industry's overall market share falling from *** percent in 2015 to *** percent in 2016, and then to *** percent.[17] The market share of nonsubject imports remained relatively consistent at *** percent in 2015, *** percent in 2016, and *** percent in 2017.[18]

The aggregate market share trends described above were driven by changes in the end-use markets served by these suppliers. As discussed in *2012 Steel Wheels* and in Section V.B.3 of the Views of the Commission, the U.S. market for steel wheels is segmented into original equipment manufacturers (OEMs) and non-OEM (aftermarket) purchasers.[19] Each of these end-use segments is subject to specific demand conditions which dictate the volume of U.S. shipments made by both domestic and import suppliers to these markets, as described below.

The U.S. OEM market, which accounts for the majority of steel wheel sales made in the United States,[20] is also where the domestic industry makes the large majority of its sales.[21] Demand for steel wheels by OEMs, which is primarily driven by the production of new commercial trucks and trailers, decreased over the period of investigation due to factors such as increased usage of aluminum wheels in new trucks and a shift in production of new trucks to Mexico.[22] As consumption of steel wheels by OEMs declined by *** percent from 2015 to 2017, the domestic industry's shipments within this large but declining segment fell by ***

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[13] 19 U.S.C. § 1677(7)(C)(i).

[14] CR/PR at Table IV-2.

[15] CR/PR at Table IV-8.

[16] CR/PR at Table IV-8.

[17] CR/PR at Table IV-8.

[18] CR/PR at Table IV-8.

[19] *2012 Steel Wheels* at 11-12.

[20] CR/PR at Tables IV-9-11. Total steel wheel sales to the OEM market accounted for *** percent of apparent U.S. consumption in 2015, *** percent in 2016, and *** percent in 2017. *Id*. These proportions are in line with estimates provided by petitioners. Petitioners Post-conference Brief at 27.

[21] CR/PR at Table II-1. U.S. producers shipped *** percent of all U.S. shipments to OEM customers in 2017, down slightly from *** percent in 2015.

[22] CR at II-11; PR at II-6; CR/PR at Figure II-2 and II-3.

percent.[23] Despite these declines, the domestic industry continued to dominate the OEM market, and even slightly increased its share of total OEM sales from *** percent in 2015 to *** percent in 2017.[24] Subject imports also slightly increased their share of this market from *** percent in 2015 to *** percent in 2017, but all of that increase came at the expense of nonsubject imports.[25] The domestic industry's overall decrease in U.S. shipments of steel wheels occurred as a result of declining sales to OEM customers, but this cannot be explained by losses of market share to subject imports within this segment.

The lack of effect that subject imports had on the domestic industry within the OEM segment is even clearer if more specific market segments are taken into consideration. In the largest OEM market segment, trailer manufacturing, U.S. producers held a steady majority of sales at *** percent in 2015 and *** percent in 2017, with subject imports accounting for virtually all of the remainder of sales to this segment.[26] In sales to truck manufacturers, the domestic industry's share increased from *** percent in 2015 to *** percent in 2017, with the remainder of that market segment comprised of nonsubject imports.[27] Both of these markets experienced significant decreases in demand, however, as U.S. production of trucks (particularly the sizeable volume of "Class 8" trucks) and trailers experienced overall declines.[28] As a result, U.S. producers' shipments to trailer and truck OEMs decreased by *** percent and *** percent, respectively.[29] Subject imports did increase their market share of the smallest OEM segment, sales to "other OEMs," by *** percentage points, while the domestic industry experienced a decreased share of sales to these customers by *** percentage points.[30] However, this was a very small market segment, accounting for only *** percent of apparent U.S. consumption of steel wheels in 2017.[31] In addition, demand within this market segment increased, and U.S. producers' sales to "other OEMs" increased by *** percent between 2015 and 2017.[32] Therefore, even a more detailed analysis of the OEM market indicates that subject imports did not displace U.S. producers' sales to specific types of OEM customers.

Sales to the aftermarket accounted for the majority of importers' sales of both subject and nonsubject imports throughout the period of investigation but only a small share of the

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[23] CR/PR at Tables IV-9-11.

[24] CR/PR at Tables IV-9-11.

[25] CR/PR at Tables IV-9-11.

[26] CR/PR at Table IV-10.

[27] CR/PR at Table IV-9. There were *** subject imports to truck manufacturers during the period of investigation. *Id*.

[28] According to data provided by the petitioners, Class 8 truck production decreased by 24.2 percent between 2015 and 2017, outweighing an increase in Class 5-7 truck production of 4.5 percent. Trailer production decreased by 5.9 percent between 2015 and 2017. Petitioners Post-conference Brief at 27.

[29] CR/PR at Table IV-9-10.

[30] CR/PR at Table IV-11.

[31] CR/PR at Table IV-11.

[32] CR/PR at Table IV-11. Between 2015 and 2017, the total volume of shipments by all suppliers to other OEMs increased by 23.6 percent. *Id*.

domestic industry's shipments.[33] While demand for steel wheels within OEM segments is affected by U.S. truck and trailer production, the existence of substitute products, and increased truck production in other countries, demand in the aftermarket is affected primarily by freight indicators. During the period of investigation, factors such as the U.S. economic recovery, increased truck deliveries by online retailers, an aging vehicle fleet requiring increased repairs, and regulations limiting truck driver hours likely all contributed to increases in demand for aftermarket steel wheels.[34] According to data provided by U.S. producers and importers, aftermarket sales decreased by *** percent between 2015 and 2016 before increasing by *** percent between 2016 and 2017, for an overall increase of *** percent.[35]

Given that subject imports were concentrated in the aftermarket throughout the period of investigation, the growth of this market segment contributed most significantly to the overall increase in subject imports.[36] However, subject imports did not increase their share of the aftermarket, as their share of sales to this segment was *** percent in 2015, *** percent in 2016, and *** percent in 2017.[37] The domestic industry was also able to benefit from the increase in aftermarket demand, as their shipments to aftermarket customers increased by *** percent from 2015 to 2017.[38] Although domestic producers' shipments accounted for a slightly reduced share of the aftermarket in 2017 compared to 2015, this entire decline was a result of a *** percent increase in shipments of imports from Mexico.[39] All of these nonsubject imports were produced by *** in Mexico, and the vast majority of these were imported and sold in the United States by ***.[40] Therefore, not only did subject imports not gain market share within the aftermarket, but the domestic industry's loss of market share in this growing segment was the result of ***.

In light of the foregoing, I find that the domestic industry's decline in U.S. shipments and market share, and the increases in subject imports in both absolute and relative terms, were the result of changes in demand within the specific market segments in which they were concentrated. Subject imports, and the increase in subject imports, were significant both in

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[33] CR/PR at Tables II-1 and IV-4. Importers shipped *** percent of their subject import shipments to the aftermarket in 2017, up from *** percent in 2015. Importers shipped *** percent of their nonsubject import shipments to the aftermarket in 2017, up from *** percent in 2015. U.S. producers shipped *** percent of their shipments to the aftermarket in 2017, up from *** percent in 2015.

[34] CR at II-11; PR at II-6.

[35] CR/PR at Table IV-12. These data coincide with Cass Freight Index data provided by the petitioners, which show a decline in freight from 2015 to 2016 and then a greater increase between 2016 and 2017. Petitioners Post-conference brief at 27.

[36] CR/PR at Table IV-12.

[37] CR/PR at Table IV-12.

[38] CR/PR at Table IV-12.

[39] CR/PR at Table IV-12. The domestic industry's share of aftermarket sales fell from *** percent in 2015 to *** percent in 2017, while nonsubject imports from Mexico accounted for *** percent of sales to the aftermarket in 2015 and *** percent in 2017. Nonsubject imports from other countries fell from *** percent of aftermarket sales in 2015 to *** percent in 2017.

[40] CR at VII-14: PR at VII-12; U.S. Importer Questionnaire Responses of ***.

absolute terms and relative to consumption. However, the significance of the volume of subject imports is mitigated by the conditions of competition in the U.S. steel wheels market and the lack of adverse price effects or impact on the domestic industry.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[41]

As addressed in section V.B.3 of the Views of the Commission, the record indicates that there is a moderate-to-high degree of substitutability between domestically produced steel wheels and subject imports from China, and that price is an important factor in purchasing decisions for this market.[42]

The Commission sought quarterly data on the total quantity and f.o.b. value of four steel wheels products from domestic producers and U.S. importers – two product specifications further defined by sales to OEMs and to the aftermarket.[43] Both domestic producers and eleven importers of subject merchandise provided usable data.[44] Reported pricing data accounted for approximately 95 percent of the value of the domestic industry's U.S. shipments of steel wheels and 78 percent of subject imports from China.[45]

The pricing data indicate that subject imports were consistently lower-priced than the domestic like product, as subject imports undersold the domestic like product in all 48 quarterly pricing comparisons at an average underselling margin of 28.8 percent.[46] In addition, all 13 purchasers that reported purchasing subject imports instead of the domestic product indicated that subject imports were lower-priced.[47] Therefore, the record indicates that subject imports undersold the domestic like product to a significant degree throughout the period.

As discussed in greater detail above, however, subject imports increased due to their concentration in the growing aftermarket, while the domestic industry's U.S. shipments fell due

[41] 19 U.S.C. § 1677(7)(C)(ii).
[42] CR at II-13, PR at II-7 and Table II-12.
[43] CR at V-5; PR at V-3.
[44] CR at V-5; PR at V-3.
[45] CR at V-5-6; PR at V-3-4.
[46] CR/PR at Table V-8.
[47] CR/PR at Table V-10.

to their concentration in sales to the declining OEM market.[48] Thus, the record before the Commission does not provide a reasonable indication that consistent underselling by subject imports from China resulted in a market share shift at the domestic industry's expense.

The record also does not show significant price depression caused by subject imports. Despite significant underselling, prices of domestically produced steel wheels remained generally stable throughout the period of investigation. For three of four pricing products, U.S. producers' prices were lower in the last quarter of 2017 than in the first quarter of 2015, with net price declines ranging from *** percent to *** percent.[49] These declines do not amount to significant price depression, particularly because the industry did not experience a cost-price squeeze as a result of these declining prices.[50]

Moreover, I do not find that subject imports prevented price increases, which otherwise would have occurred, to a significant degree. As the industry's unit COGS decreased by *** percent from 2015 to 2016, the industry's average unit value of net sales decreased by *** percent. Conversely, when the industry's unit COGS increased from 2016 to 2017 by *** percent, the industry's average unit value of net sales increased by *** percent.[51] As a result, the industry's COGS/net sales ratio decreased from *** percent in 2015 to *** percent in 2016, and then fell to *** percent in 2017.[52] Thus, the industry's price levels generally reflected changes in underlying costs, and the industry was able to improve its price position relative to its costs throughout the period, even as aggregate demand in the steel wheels market declined overall from 2015 to 2017.[53]

In sum, I find that subject imports did not have significant effects on U.S. prices during the period of investigation.

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[48] Although 8 of 23 responding purchasers indicated that price was a primary reason for their decisions to purchase subject imports instead of the domestic like product, purchasers reported, collectively, that they shifted purchases away from both subject imports and the domestic industry during the period of investigation. CR/PR at Table V-9. Therefore, this data does not indicate that subject imports increased at the direct expense of the domestic industry, nor does it contradict the finding that subject imports did not take market share from the domestic industry within larger market segments.

[49] CR/PR at Table V-7. For Product 4, U.S. producers' prices experienced a net increase of *** percent. *Id*.

[50] CR/PR at Table VI-1.

[51] CR/PR at Table C-1.

[52] CR/PR at Table VI-1.

[53] Thirteen out of 23 purchasers that responded to the lost sales lost revenue survey reported that U.S. producers had not reduced their prices in order to compete with lower-priced subject imports, while nine stated that they did not know if such price reductions had occurred. Only 1 out of 23 purchasers indicated that U.S. producers had reduced their prices due to low-priced subject import competition. CR/PR at Table V-11. Purchaser responses to the lost sales lost revenue survey therefore do not indicate that there was significant price depression caused by subject imports during the period of investigation.

D. Impact of the Subject Imports[54]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[55]

Overall, the domestic industry's financial and performance indicators were mixed during the period of investigation. Capacity did not change throughout the period and remained at *** wheels in each year, while production decreased by *** percent between 2015 and 2017 and capacity utilization rates decreased by *** percentage points.[56] U.S. producers' share of apparent U.S. consumption decreased from *** percent in 2015 to *** percent in 2016, and then to *** percent in 2017.[57] U.S. producers' U.S. shipments declined by *** percent between 2015 and 2017.[58] The domestic industry's inventories increased by *** percent between 2015 and 2017, although they remained low relative to total shipments, rising only slightly from *** percent of total shipments in 2015 to *** percent in 2017.[59] The number of production workers declined by *** percent between 2015 and 2017, while productivity increased by *** percent and hourly wages increased by *** percent.[60]

The domestic industry's operating income margins improved from already high levels over the period of investigation, rising from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[61] The domestic industry's gross profit margins exhibited even more significant improvements, rising from *** percent in 2015 to *** percent in 2016 and *** percent in 2017.[62] The industry's capital expenditures decreased over the period, but its research and development expenses and return on investment were stable over the period.[63]

Although several of the industry's output-related indicators decreased over the period of investigation, I do not attribute these declines to subject import competition. As discussed in

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[54] Commerce initiated the antidumping duty investigation of steel wheels from China based on estimated dumping margins of 12.1 to 231.7 percent. *Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 83 FR 17798 (April 24, 2018).

[55] 19 U.S.C. § 1677(7)(C)(iii).

[56] CR/PR at Table C-1.

[57] CR/PR at Table C-1.

[58] CR/PR at Table C-1.

[59] CR/PR at Table C-1.

[60] CR/PR at Table C-1.

[61] CR/PR at Table VI-1. The domestic industry reported identical net income margins to operating income margins. *Id*.

[62] CR/PR at Table VI-1.

[63] CR/PR at Table VI-5-6.

greater detail within my analysis of volume trends, the domestic industry's shipments and market share fell as a result of its substantial concentration in sales to OEM customers, which purchased *** percent fewer steel wheels between 2015 and 2017.[64] Likewise, subject imports increased and gained aggregate market share as a result of importers' concentration in the aftermarket, a segment that grew by *** percent between 2015 and 2017.[65] Although the domestic industry saw its share of the aftermarket decline over the period of investigation, this entire decline was due to an increase in nonsubject imports of merchandise produced by ***.[66] Therefore, I attribute the domestic industry's declining shipments and market share to the conditions within the specific market segments in which it participated rather than to subject import competition. In addition, subject import underselling did not cause significant price depression, nor did it prevent the domestic industry from increasing prices. As a result, the industry's operating income margin remained high and increased throughout the period. Thus, I do not find that the domestic industry's condition was worse than it would have been otherwise due to subject import competition.

For the above reasons, I find that the record as a whole contains clear and convincing evidence that the domestic industry is not materially injured by reason of subject imports. In addition, based on the available information, I do not find a likelihood that sufficient evidence leading to a contrary result will arise in any final phase of these investigations.

III. No Reasonable Indication of Threat of Material Injury by Reason of Subject Imports from China

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[67] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[68] In making my determination, I consider all statutory threat factors that are relevant to this investigation.[69]

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[64] CR/PR at Table II-1 and Tables IV-9-11.

[65] CR/PR at Table II-1 and Table IV-12.

[66] CR/PR at Table IV-12.

[67] 19 U.S.C. § 1677(7)(F)(ii).

[68] 19 U.S.C. § 1677(7)(F)(ii).

[69] These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(continued…)

The Commission issued questionnaires to 177 Chinese firms believed to produce and/or export steel wheels, and received usable responses from six firms that reported production accounting for approximately 24.0 percent of overall production of steel wheels in China and exports equivalent to over 100 percent of all subject imports in 2017.[70] Based on the information submitted by these firms, Chinese capacity and production of steel wheels increased between 2015 and 2017, and are projected to increase throughout 2018 and into 2019.[71] These producers' capacity utilization rates increased from 70.3 percent in 2015 to 83.9 percent in 2017 as production increases outpaced capacity growth, resulting in a reduction of the Chinese industry's excess capacity by 44.2 percent.[72] These producers report that they project consistently high capacity utilization in 2018 and 2019.[73] The record also shows that the Chinese industry is export-oriented, with exports as a share of total industry shipments rising

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(continued….)

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

…

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i).

[70] CR/PR at VII-3. As discussed in greater detail above, these foreign producers reported exports that were less than the volume of subject imports reported by U.S. importers over the full period of investigation.

[71] CR/PR at Table VII-3. The Chinese industry's capacity increased by 2.7 percent between 2015 and 2017, and is projected to increase by an additional 1.2 percent from 2017 to 2019. Production increased by 22.4 percent from 2015 to 2017, and is projected to increase by an additional 2.8 percent from 2017 to 2019.

[72] CR/PR at Table VII-3.

[73] CR/PR at Table VII-3. Chinese producers reported that capacity utilization would be 82.1 percent in 2018 and 85.2 percent in 2019.

from 58.6 percent in 2015 to 60.3 percent in 2017.[74] The Chinese industry's reported share of total shipments that were exported to the United States increased from 11.3 percent in 2015 to 14.8 percent in 2017, although these producers estimated this share would fall to 9.3 percent in 2018 and 6.2 percent in 2019.[75] [76]

The data relevant to threat analysis indicate the existence of excess capacity and a high degree of export orientation in China; however, it does not suggest the likelihood of substantially increased imports in the imminent future beyond what would occur as a result of changes in demand within the United States. As discussed above, subject imports increased significantly both absolutely and relative to U.S. consumption over the period of investigation. Nonetheless, these increases occurred due to their concentration in the aftermarket, which grew considerably. Subject imports did not increase their market share at the expense of the domestic industry in either the aftermarket or in sales to OEMs, and subject import underselling did not cause adverse price effects. In light of the foregoing, I have found no reasonable indication of material injury by reason of subject imports. The evidence on the record does not indicate that any future increase in subject imports will occur more rapidly or injuriously than what occurred during the period of investigation.

For the above reasons, I determine that the record as a whole contains clear and convincing evidence that a domestic industry is not threatened with material injury by reason of subject imports. In addition, based on the available information, I do not find a likelihood that evidence leading to a contrary result will arise in any final phase of these investigations.

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[74] CR/PR at Table VII-3.

[75] CR/PR at Table VII-3.

[76] I have also considered the other statutory threat factors, none of which indicate that a significant increase in the volume of subject imports is imminent. The Chinese industry's end-of-period inventories relative to its reported total shipments remained stable, with this ratio being 12.6 percent in 2015 and 12.8 percent in 2017. CR/PR at Table VII-3. U.S. importers' inventories decreased as a ratio to U.S. shipments of the imports of subject merchandise, falling from 19.3 percent in 2015 to 17.3 percent in 2017. CR/PR at Table VII-6.

Although Chinese producers reported making other products on equipment used to make in-scope steel wheels, the data do not indicate that a substantial shift from other products to production of steel wheels will occur. In-scope steel wheels accounted for a consistent, but steadily declining, majority of production on shared equipment. CR/PR at Table VII-4.

There are no known trade barriers in third-country markets covering Chinese exports of in-scope steel wheels. India has an antidumping duty order on out-of-scope steel wheels from China, but this order has been in existence since 2007, and would not create an incentive for Chinese producers to export significant additional volumes of in-scope merchandise to the United States in the imminent future. Other antidumping or countervailing duty orders that were identified in the course of this investigation pertain to aluminum wheels. CR at VII-12; PR at VII-11.

On April 24, 2018, Commerce published a notice in the Federal Register in which it identified 56 government programs in China on which it initiated the CVD investigation on steel wheels from China. CR at I-7-9; PR at I-5-7.

IV. Conclusion

For the reasons stated above, I determine that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of subject imports of steel wheels from China that are allegedly sold in the United States at less than fair value and subsidized by the government of China.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Accuride Corporation ("Accuride"), Evansville, Indiana, and Maxion Wheels Akron LLC ("Maxion"), Akron, Ohio on March 27, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of steel wheels[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
March 27, 2018	Petition filed with Commerce and the Commission; institution of Commission investigations (83 FR 14295, April 3, 2018)
April 16, 2018	Commerce's notice of initiation of less-than-fair-value investigation (83 FR 17798, April 24, 2018)
April 16, 2018	Commerce's notice of initiation of countervailing duty investigation (83 FR 17794, April 24, 2018)
April 17, 2018	Commission's conference
May 10, 2018	Commission's vote
May 11, 2018	Commission's determinations
May 18, 2018	Commission's views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

[2] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] A list of witnesses appearing at the conference is presented in appendix B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission—

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy/dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Steel wheels are primarily used as attachments to trucks, trailers, and buses to provide the means for vehicle movement. The U.S. producers of steel wheels are Accuride and Maxion, while leading producers of steel wheels in China include Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise"), Xingmin Intelligent Transportation Systems (Group) Co., Ltd. ("Xingmin ITS"), and Zhejiang Jingu Co., Ltd. ("Jingu"). The leading U.S. importers of steel wheels from China are ***. Leading importers of product from nonsubject countries (primarily Canada and Mexico) include ***. U.S. purchasers of steel wheels include truck and trailer manufacturers and aftermarket distributors of wheels.

Apparent U.S. consumption of steel wheels totaled approximately *** wheels ($***) in 2017. Currently, two firms are known to produce steel wheels in the United States. U.S. producers' U.S. shipments of steel wheels totaled *** wheels ($***) in 2017, and accounted for

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

*** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from China totaled 861,662 wheels ($37.7 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 172,317 wheels ($13.8 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of two firms that accounted for all U.S. production of steel wheels during 2017. U.S. imports are based on the responses of 18 firms that provided usable data to the Commission.

PREVIOUS AND RELATED INVESTIGATIONS[6]

Following receipt of a petition on May 23, 1986, on behalf of Budd Co., Wheel and Brake Division, Farmington Hills, Michigan, the Commission instituted investigation No. 731-TA-335, *Tubeless Steel Disc Wheels From Brazil*. Tubeless steel disc wheels were defined as wheels designed to be mounted with pneumatic tires, having a rim diameter of 22.5 inches or greater, and suitable for use on class 6, 7, and 8 trucks, including tractors, and on semi-trailers and buses. The Commission concluded its final investigation in April 1987, finding that the domestic industry was threatened with material injury by reason of the subject imports from Brazil. The Commission defined the domestic like product as tubeless steel disc wheels as specified above, while declining to either (1) separate "hub-piloted" and "stud-piloted" wheels or (2) expand the like product to include tubeless wheels for classes 1-5 vehicles, wheels for tubed tires, cast spoke and demountable rims, or aluminum disc wheels.[7]

Following receipt of a petition on July 29, 1988, on behalf of Kelsey-Hayes Co., Romulus, Michigan, the Commission instituted investigation Nos. 701-TA-296 and 731-TA-420, *Certain Steel Wheels from Brazil*. The subject merchandise was defined as steel wheels, assembled or

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[6] Unless otherwise noted, the information in this section is derived from *Certain Steel Wheels from China, Inv. Nos. 701-TA-478 and 731-TA-1182 (Final)*, USITC Publication 4319, May 2012, pp. I-4--I-5 or the Petition, pp. I-8-I-9.

[7] *Tubeless Steel Disc Wheels from Brazil, Investigation No. 731- TA-335 (Final)*, USITC Publication 1971, April 1987, pp. 1-6. Following the Commission's final determination, the U.S. Court of International Trade ("USCIT") remanded Commerce's final determination with instructions to recalculate the dumping duty. Upon remand, Commerce determined that there were no dumping margins with respect to Borlem, S.A. 56 FR 14083, April 5, 1991. The USCIT subsequently remanded the Commission's threat determination. The Commission issued a negative determination pursuant to the remand. *Investigation No. 731-TA-335 (Final)(Court Remand): Tubeless Steel Disc Wheels from Brazil*, 57 FR 22487, May 28, 1992. Accordingly, Commerce revoked the antidumping duty order. T*ubeless Steel Disc Wheels From Brazil; Revocation of Antidumping Duty Order*, 57 FR 28829, June 29, 1992.

unassembled, consisting of both a rim and a disc, designed to be mounted with tube type or tubeless pneumatic tires, in wheel diameter sizes ranging from 13.0 inches to 16.5 inches inclusive, and generally designed for use on passenger automobiles, light trucks, and other vehicles. The Commission concluded its final investigation in May 1989, finding that the domestic industry was not materially injured or threatened with material injury, nor was the establishment of an industry materially retarded, by reason of the subject imports from Brazil. The Commission majority declined to separate "standard" and "custom" steel wheels and declined to expand the like product to include either aluminum wheels or steel rims.[8]

In 2011, Accuride Corp. and Hayes Lemmerz International, Inc. (the former name of Maxion before its acquisition by Iochpe-Maxion S.A. ("Iochpe-Maxion")) filed petitions alleging that an industry in the United States was materially injured by reason of LTFV and subsidized imports of certain steel wheels from China. The scope of those investigations covered steel wheels with a wheel diameter of 18 to 24.5 inches and included steel wheels for both on-the-road and off-the-road use. The Commission determined that such steel wheel imports did not materially injure or threaten the domestic industry with material injury.[9]

Petitioners note that, during 2015-18, they have not filed for relief from imports of the subject merchandise under section 337 of the Act (19 U.S.C. § 1337), sections 201 or 301 of the Trade Act of 1974 (19 U.S.C. §§ 2251 or 2411), or section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862).[10]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On April 24, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on steel wheels from China.[11] Commerce identified the following government programs in China on which it is initiating an investigation:[12]

A. Preferential Lending

1. Government policy lending program
2. Preferential loans to state-owned enterprises ("SOEs")

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[8] *Certain Steel Wheels from Brazil, Investigation No. 701-TA-296 (Final)*, USITC Publication 2193, May 1989, pp. 1-11. With respect to the antidumping duty investigation, Commerce issued a final negative determination regarding sales at less than fair value. *Final Determination of Sales at Not Less Than Fair Value; Steel Wheels From Brazil*, 54 FR 21456, May 18, 1989.

[9] *Certain Steel Wheels from China, Inv. Nos. 701-TA-478 and 731-TA-1182 (Final)*, USITC Publication 4319, May 2012, p. 1.

[10] Petition, p. I-7.

[11] *Certain Steel Wheels From the People's Republic of China: Initiation of Countervailing Duty Investigation,* 83 FR 17794, April 24, 2018.

[12] *Countervailing Duty Investigation Initiation Checklist: Certain Steel Wheels from China*, C-570-083, April 16, 2018.

3. Discounted loans for export-oriented enterprises
4. Preferential loans for key projects and technologies
5. Treasury bond loans
6. Loans & interest subsidies provided pursuant to the Northeast Revitalization Program

B. Export Credit Subsidies

1. Export seller's credit
2. Export buyer's credit
3. Export credit insurance subsidies
4. Export credit guarantees

C. Provision of goods and services for less than adequate remuneration ("LTAR")

1. Provision of hot-rolled steel for LTAR
2. Provision of land-use rights to steel wheel producers
3. Government provision of land to SOEs
4. Provision of land for LTAR to foreign-invested enterprises ("FIEs")
5. Provision of land-use rights in industrial and other special economic zones
6. Provision of electricity for LTAR

D. Direct tax exemptions and reductions

1. Income tax reductions for high- and new-technology enterprises
2. Enterprise income tax law, research and development (R&D) program
3. Income tax reduction for advanced-technology FIEs
4. Income tax credits on purchase of domestically-produced equipment by FIEs
5. Income tax credits for domestically-owned companies purchasing domestically-produced equipment
6. Reduction in or exemption from Fixed Assets Investment Orientation Regulatory Tax
7. Preferential tax policies for the development of western regions of China
8. Preferential income tax policy for enterprises in the Northeast region
9. Forgiveness of tax arrears for enterprises located in the old industrial bases of Northeast China

E. Indirect tax exemptions and reductions

1. Import duty exemptions for imported equipment
2. VAT exemptions for imported equipment
3. VAT refunds for FIEs on purchases of Chinese-made equipment
4. VAT exemptions and deductions for Central regions
5. VAT exemptions and deductions for Northeast regions
6. Import duty exemptions for equipment under the preferential tax policy of development of Western regions of China
7. Deed tax exemption for SOEs undergoing mergers or restructuring

F. Grants

1. "Famous Brands" program
2. SME International Market Exploration Fund
3. Export assistance grants
4. Grants for export credit insurance

5. Export interest subsidies for enterprises located in Zhejiang Province
6. Foreign Trade Development Fund Program grants
7. Special fund for energy-saving technology reform
8. The Clean Production Technology Fund
9. Emission Reduction Award
10. State Special Fund for Promoting Key Industries and Innovation Technologies.
11. State Key Technology Renovation Project Fund Program
12. Initial Public Offering (IPO) Grants from the Hangzhou Prefecture
13. IPO Grant From The City Of Fuyang
14. Fuyang City government grant for enterprises paying over RMB 10 million in taxes
15. Fuyang and Hangzhou City government grants for enterprises operating technology and research and development centers
16. Hangzhou City government grants under the Hangzhou Excellent New Products/Technology Award
17. Fuyang City government grants under the Export of Sub-contract Services Program
18. Export contingent grants provided by the Fuyang City government
19. Investment Grants from Fuyang City government for key industries
20. Direct government grants to Xingmin Intelligent Transportation
21. Direct government grants to Zhejiang Jingu Company Ltd.
22. Direct government grants to Xiamen Sunrise Wheel Group Co., Ltd.
23. Direct government grants to Changchun Faway Automobile Components Co. Ltd.
24. Direct government grants to Zhengxing Wheel Group Co., LTD/China Zenix Auto International Ltd.

Alleged sales at LTFV

On April 24, 2018, Commerce published a notice in the Federal Register of the initiation of its antidumping duty investigation on steel wheels from China.[13] Commerce has initiated an antidumping duty investigation based on estimated dumping margins of 12.1 to 231.7 percent for steel wheels from China.

[13] *Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation,* 83 FR 17798, April 24, 2018.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[14]

> *The merchandise subject to the investigation is certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. Certain on-the-road steel wheels with a nominal wheel diameter of 22.5 inches and 24.5 inches are generally for Class 6, 7, and 8 commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses, and are the current standard wheel diameters for such applications. The standard widths of certain on-the-road steel wheels are 7.5 inches, 8.25 inches, and 9.0 inches, but all certain on-the-road steel wheels, regardless of width, are covered by the scope. While 22.5 inches and 24.5 inches are standard wheel sizes used by Class 6, 7, and 8 commercial vehicles, the scope covers sizes that may be adopted in the future for Class 6, 7, and 8 commercial vehicles.*
>
> *The scope includes certain on-the-road steel wheels with either a "hub-piloted" or "stud-piloted" mounting configuration, and includes rims and discs for such wheels, whether imported as an assembly or separately. The scope includes certain on-the-road steel wheels, discs, and rims, of carbon and/or alloy steel composition, whether cladded or not cladded, whether finished or not finished, and whether coated or uncoated. All on-the-road wheels sold in the United States are subject to the requirements of the National Highway Traffic Safety Administration and bear markings, such as the "DOT" symbol, indicating compliance with applicable motor vehicle standards.* See *49 CFR 571.120. The scope includes certain on- the-road steel wheels imported with or without the required markings. Certain on-the-road steel wheels imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached are included. However, if the certain on-the-road steel wheel is imported as an assembly with a tire mounted on the wheel and/or with a valve stem attached, the certain on- the-road steel wheel is covered by the scope, but the tire and/or valve stem is not covered by the scope.*

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[14] *Certain Steel Wheels From the People's Republic of China: Initiation of Countervailing Duty Investigation,* 83 FR 17794, April 24, 2018; *Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation,* 83 FR 17798, April 24, 2018.

Excluded from the scope are:

(1) steel wheels for tube-type tires that require a removable side ring;

(2) aluminum wheels;

(3) wheels where steel represents less than fifty percent of the product by weight; and

(4) steel wheels that do not meet National Highway Traffic Safety Administration requirements, other than the rim marking requirements found in 49 CFR 571.120S5.2.

Imports of the subject merchandise are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. Merchandise meeting the scope description may also enter under the following HTSUS subheadings: 4011.20.1015, 4011.20.5020, and 8708.99.4850. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations are primarily imported under the following statistical reporting numbers of the Harmonized Tariff Schedule of the United States ("HTS"): 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059. The 2017 general rate of duty is 2.5 percent *ad valorem* for HTS subheadings 8708.70.45 and 8708.70.60, and 3.1 percent *ad valorem* for HTS subheading 8716.90.50. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

THE PRODUCT

Description and applications

Commerce's scope includes certain on-the-road steel wheels, discs, and rims for tubeless tires, with a nominal rim diameter of 22.5 inches and 24.5 inches, regardless of width. According to the petitioner, such steel wheels are generally used for Class 6, 7, and 8

commercial vehicles (as classified by the Federal Highway Administration Gross Vehicle Weight Rating system), including tractors, semi-trailers, dump trucks, garbage trucks, concrete mixers, and buses.[15] [16]

The disc of a steel wheel is the center portion that allows to the wheel to be attached to the axle hub (i.e., the connection for wheel to the axle), and hence the axle. The rim is the circular channel into which a tire is mounted on the wheel. The disc of the steel wheel will have a centering hole for mounting on the axle hub that will vary in size to match the hub on the vehicle. The disc will also have holes for hands for holding or manipulating the wheel with the number of holes ranging from zero to 10 or more, with 4 or 5 holes being common. There are also holes for the bolts that are used to fasten the wheel to the axle hub.

According to petitioners, subject steel wheels are required to meet Standard 120 of the National Highway Traffic Safety Administration's Federal Motor Vehicle Safety Standards.[17] The standard states that the wheel rim be marked to indicate (a) the source of the rim's published nominal dimensions; (b) the rim size or type of designation; (c) the symbol "DOT", noting that the manufacturer certifies that the rim complies with all relevant motor vehicle standards; (d) the manufacturer of the rim by name, trademark, or symbol; and (e) the month, day, and year or month and year of manufacture.[18] Further, all steel wheels sold in the United States must meet the Society of Automotive Engineers recommended practice J267, that lists the minimum performance requirements and uniform laboratory procedures for fatigue testing of wheels and demountable rims intended for normal highway use on trucks, buses, truck-trailers, and multipurpose vehicles.[19]

Other standard features of steel wheels include the diameters and widths, the weight of the wheel, the method of fastening the steel wheel to the axle hub, and the coating/painting of the wheel. For steel wheels with a diameter of 22.5 inches, the most popular width is 8.25 inches, but other widths include 7.5 and 9.0 inches.[20] Steel wheels with a diameter of 24.5

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[15] *Certain Steel Wheels From the People's Republic of China: Initiation of Countervailing Duty Investigation,* 83 FR 17794, April 24, 2018; *Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation,* 83 FR 17798, April 24, 2018.

[16] Class 6 is defined as vehicles weighing 19,501–26,000 lbs., Class 7 is 26,001–33,000 lbs., and Class 8 is for vehicles greater than 33,000 lbs.
Greater New Haven Clean Cities Coalition, "What Are the Various Vehicle Weight Classes and Why Do They Matter?", April 21, 2016, http://nhcleancities.org/2016/04/various-vehicle-weight-classes-matter/, retrieved April 23, 2018.

[17] Petition, pp. I-11 – I-12, and exh. I-7.

[18] Petition, pp. I-11 – I-12.

[19] Society of Automotive Engineers, "Wheels/Rims - Truck and Bus - Performance Requirements and Test Procedures for Radial and Cornering Fatigue J267_201411," undated, https://www.sae.org/standards/content/j267_201411/, retrieved April 23, 2018.

[20] Maxion, "Catalog," undated, http://www.maxionwheelsandrims.com/product-catalog, retrieved April 23, 2018.

inches have a width of 8.25 inches. Wide base wheels have a diameter of 22.5 inches and have widths from 11.75 inches to 14.0 inches.[21]

Finished steel wheels vary in weight, even within a particular diameter size. For example, a steel wheel with a diameter of 22.5 inches and width of 8.5 inches may range from 64 lbs. to 80 lbs.[22] The differences in weight of the wheels is due to various gauges (e.g., thicknesses) of the steel used in the wheels to meet the requirements of the vehicle's carrying load.[23] The subject steel wheels are made from either carbon hot-rolled steel or high strength, low alloy ("HSLA") hot-rolled steel.[24] Accuride ***, whereas Maxion ***.[25] As an example of engineered weight changes, in January 2017, Accuride introduced the first 65 lb. high strength, low alloy steel wheels for commercial vehicles in the 22.5 x 8.25 inch dimensions. The company's prior offerings were three lbs. heavier.[26]

The scope includes certain on-the-road steel wheels with either a "hub-piloted" or "stud-piloted" mounting configuration. In the hub-piloted wheel system, the wheel is fitted onto the threaded studs that are mounted in the wheel hub and rests on hub-pilot pads that are on the hub. The holes in the wheel for the studs are cylindrical and allow the wheel to be secured to the hub studs with a nut on top of a washer. In stud piloted systems, the wheel is secured to the hub studs by ball-seat cap nuts that require the holes in the wheel to be tapered.[27] The stud-piloted system is an old technology that was largely abandoned around 2000.[28]

The steel wheel is typically treated with an anti-corrosion and priming treatment, an e-coat (i.e., electrodeposition of a coating), and a powder coating/top coating. In 2013, Accuride introduced its trademarked SteelArmor™ coating, consisting of a zinc phosphate treatment, followed by epoxy e-coating, and then a baked-on powder coating surface treatment.[29] In

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[21] Maxion, "Wide Based Wheels," undated, http://www.maxionwheelsandrims.com/product-catalog, retrieved April 23, 2018.

[22] Conference transcript, pp. 32–33 (Monroe).

[23] Conference transcript, p. 65 (Aydogan and Kessler).

[24] Petition, pp. I-10 – I-11.

[25] Petitioners' postconference brief, staff answers #18.

[26] Accuride, "Accuride Light-Weighting Continues With Two New Accu-Lite® Steel Wheels," January 23, 2017, http://www.foundrymag.com/finishingmro/accuride-s-new-coating-technique-improves-cast-wheels, retrieved April 23, 2018.

[27] Conference transcript, p. 63 (Kessler); BuyTruckWheels.Com, "Hub Pilot vs. Stud Pilot," undated, https://buytruckwheels.com/pages/hubpilotvsbudd, retrieved April 23, 2018; Petitioner's Response to the Department of Commerce's March 30, 2018, General Issues Questionnaire Regarding the Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Certain Steel Wheels from the People's Republic of China, April 3, 2018, pp. SGQ-4 – SGQ-5.

[28] Kevin Rohlwing, "Hub-Pilot Aid for Work Trucks," FleetOwner.Com, April 1, 2010, http://www.fleetowner.com/equipment/hubpilot-aid-works-0401, retrieved April 23, 2018.

[29] Robert Brooks, "Accuride's New Coating Technique Improves Cast Wheels," November 21, 2013, http://www.foundrymag.com/finishingmro/accuride-s-new-coating-technique-improves-cast-wheels, retrieved April 23, 2018.

January 2016, Accuride introduced its trademarked EverSteel™ anti-corrosion coating, consisting of a metal surface treatment applied to the bare steel to protect it from daily wear and tear, followed by a zinc phosphate pre-treatment that prepares the metal for maximum adhesion, an enhanced cathodic epoxy electrocoat optimized for sharp-edge corrosion protection is applied; and Accuride's SteelArmor™ premium powder top coat is applied.[30] The company's coatings are warrantied for 5 years. In July 2016, Maxion introduced a new coating for steel wheels, trademarked MaxCoat Extra™,[31] which consists of a zinc phosphate coating, an e-coat primer, and then a powder coating. For the industry as a whole, the powder coating is typically applied in white or gray, while bus wheels are typically black.[32] In mid-2016, U.S. steel wheel producers included a 5-year warranty on the coatings of their steel wheels. [33]

Steel wheel discs and rims, when separately imported into the United States, are included in the scope of this investigation. Petitioners and importers both acknowledged that it would be highly unlikely that such parts would be imported, assembled, and subsequently coated.[34]

Manufacturing processes

The manufacture of steel wheels begins with the production of the two components, discs and rims. For discs, coiled steel is fed into a blanking press that stamps out a disc of steel and simultaneously punches a hole in the center.[35] This blank is then moved to a spinning machine that spins the disc on a mandrel and tooling is pressed into the spinning disc to bend the disc into a bowl shape. Next, the spun bowl is trimmed, and the centering hole, as well as bolt and hand hold holes are punched into the disc.[36]

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[30] Accuride, "Accuride Debuts Industry's First Steel Wheel Warranted Against Corrosion," January 26, 2016, https://www.accuridewheelendsolutions.com/accuride-debuts-industrys-first-steel-wheel-warranted-against-corrosion/, retrieved April 23, 2018.

[31] Maxion, "Maxion Wheels Introduces the First Industry Standard Finish Warranty for Hub-Piloted Commercial Vehicle Steel Wheels," July 21, 2016, http://www.maxionwheels.com/News/391/Maxion-Wheels-Introduces-the-First-Industry-Standard-Finish-.aspx, retrieved April 23, 2018; Maxion, "MaxCoat™ Extra, We Stand Behind Our Finish," undated, http://www.maxionwheelsandrims.com/maxcoat/maxion-maxcoat-extra-brochure-12-12-17-web.pdf, retrieved April 23, 2018.

[32] Conference transcript, p. 84 (Monroe).

[33] Accuride, "Accuride Debuts Industry's First Steel Wheel Warranted Against Corrosion," January 26, 2016, https://www.accuridewheelendsolutions.com/accuride-debuts-industrys-first-steel-wheel-warranted-against-corrosion/, retrieved April 23, 2018; Maxion, "Maxion Wheels Introduces the First Industry Standard Finish Warranty for Hub-Piloted Commercial Vehicle Steel Wheels," July 21, 2016, http://www.maxionwheels.com/News/391/Maxion-Wheels-Introduces-the-First-Industry-Standard-Finish-.aspx, retrieved April 23, 2018; Petitioners' postconference brief, staff answers #16, pp. 1-2 and exh. 3.

[34] Conference transcript, p. 64 (Stewart), p. 151 (Walker and Cunningham).

[35] Conference transcript, p. 43 (Kessler).

[36] Conference transcript, p. 43 (Kessler).

The rims are made from coiled steel that is first cut to width and length. The steel piece is bent into a circle and the ends are welded together. The rim then passes through five roll stands (i.e., a group of metal rollers to impart a particular shape to a workpiece), to flare the edges, shaping the profile of the rim for holding the tire, and expanding the width of the rim. Finally, a hole is punched in the rim for the valve stem.[37]

The discs and rims then move to the assembly line where robots place the parts in a clamping press in which the disc is pressed into the rim.[38] The wheel is then moved to an automated welding cell, where robots place the assembly under a fixed welding torch. The wheel is rotated under the torch to make a complete welding of the disc to the rim.[39] The welds are then inspected and the wheels prepared for coating.[40]

The steel wheels are then coated and painted to the appropriate colors. In this process, steel wheels are treated with a zinc phosphate treatment that prevents corrosion and serves as a base for sequent coatings. Next, an epoxy coat is applied using electrodeposition, commonly called an E-coat, to the wheels. The steel wheels are then a given a powder coating to additional protection and final color to the product. The powder coating is applied as a powder and then is baked in an oven to cure the finish.[41] The powder coats are in effect the paint, and are typically colored white, gray, or black.

Steel wheels typically are manufactured as a stock product, but are also produced to order based on customer requirements for coatings, color, and carrying load requirements.

U.S. producers may not perform all steel wheel manufacturing operations. ***. In recent years, Maxion has outsourced the painting of its steel wheels at its Akron, OH plant to a nearby contractor, due to a lack of funding for new painting facilities.[42]

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. Respondents do not contest Petitioner's proposed like product definition for purposes of the preliminary phase of these investigations.[43]

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[37] Conference transcript, p. 43 (Kessler).

[38] Conference transcript, p. 43 (Kessler).

[39] Conference transcript, p. 43 (Kessler).

[40] Conference transcript, p. 44 (Kessler).

[41] Conference transcript, p. 44 (Kessler).

[42] Conference transcript, pp. 24–25 (Aydogan).

[43] See Respondent Jingu's postconference brief, p. 3 and Respondent Sunrise's postconference brief, p. 9. Respondent Trans Texas Tire, LLC ("Trans Texas") did not address domestic like product issues in its postconference brief, but noted that it "fully supports" the briefs filed by Jingu and Sunrise. See Respondent Trans Texas' postconference brief, p. 1.

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PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Steel wheels are used on trucks, trailers, buses, and other vehicles, either in their original production or as replacement parts. Accordingly, steel wheels are sold to original equipment manufacturers (OEMs) of trucks, trailers, and other vehicles, as well as to firms that service those vehicles such as manufacturer service departments and fleet maintenance departments. They are also sold to retailers and distributors that may sell to purchasing co-operatives or retailers. The steel wheel market generally follows trends in mid- to heavy- truck and trailer production.

Most firms reported that there had been no significant changes in the product range, product mix, or marketing of steel wheels since January 1, 2015. However, a few firms did report changes. U.S. producer ***. Importer *** reported new sizes (e.g., "super single") and lighter wheels. Importer *** stated that Accuride and Maxion have improved their product offerings, in particular offering more products with spun disc centers (which reduce wheel weight) and have improved paint quality because certain Chinese producers (i.e., Xingmin, Xiamen, Jingu) have offered these products.

Apparent U.S. consumption of steel wheels fluctuated during 2015-17, decreasing from 2015 to 2016, and then increasing in 2017. Overall, apparent U.S. consumption in 2017 was 2.7 percent lower than in 2015.

U.S. PURCHASERS

As noted earlier, U.S. purchasers of steel wheels include manufacturers of trucks, trailers, buses, and other vehicles which use steel wheels ("OEMs"), and sellers of replacement parts for those vehicles which are generally referred to as the aftermarket. There are four major U.S. truck producers: Navistar, Daimler Trucks ("Daimler"), PACCAR, and Volvo Trucks ("Volvo").[1] The large trailer manufacturers include Hyundai Translead ("Hyundai"), Wabash National ("Wabash"), Great Dane Trailers, Utility Trailer, and Vanguard National Trailer ("Vanguard"),[2] although there are also a number of smaller trailer manufacturers.[3] Purchasers in the aftermarket include original equipment services ("OES") to the OEM dealers, independent distributors/dealers, buying groups, and other retail/service firms.[4]

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[1] Conference transcript, p. 33 (Monroe). ***.

[2] Based on data from *Trailer/Body Builders*, February 2018, presented in Respondent Jingu's postconference brief, exh. 5. Firms are listed in order of 2017 North American trailer production. The largest trailer manufacturer in North America is Hyundai which manufactures trailers in Mexico ***. ***.

[3] Some of the smaller trailer manufacturers purchase steel wheels through distributors rather than purchasing directly from producers or importers. Petitioners' postconference brief, p. 26.

[4] Petitioners estimate that the aftermarket comprised about 35 percent of the total market for steel wheels during 2015-17. Petitioners' postconference brief, pp. 26-27.

(*continued*...)

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CHANNELS OF DISTRIBUTION

More than 85 percent of U.S. producers' sales were to OEMs during 2015-17, and included shipments to truck, trailer, and other OEMs (table II-1). Sales of imported Chinese steel wheels went mainly to the aftermarket, with over 70 percent of subject import sales going to this channel during each year. The remainder of subject import sales went to trailer and other OEMs; no subject import shipments to truck OEMs were reported during 2015-17.[5]

Table II-1
Steel wheels: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2015-17

* * * * * * *

GEOGRAPHIC DISTRIBUTION

*** and most importers reported selling steel wheels to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers of subject product sold 28 percent within 100 miles of their U.S. point of shipment, 69 percent between 101 and 1,000 miles, and 3 percent over 1,000 miles.

Table II-2
Steel wheels: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers
Northeast	***	10
Midwest	***	12
Southeast	***	11
Central Southwest	***	11
Mountain	***	8
Pacific Coast	***	12
Other[1]	***	---
All regions (except Other)	***	8
Reporting firms	2	13

[1] All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

(…*continued*)

***. Petitioners' postconference brief, staff answers #14.

[5] More detailed data on channels of distribution including values and unit values are shown in *Part III* and *Part IV*.

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SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Table II-3 provides a summary of the supply factors regarding steel wheels from U.S. producers and from China. Data reported by responding firms indicate that Chinese producers' capacity is nearly twice the size of U.S. capacity.

Table II-3
Steel wheels: Supply factors that affect the ability to increase shipments to the U.S. market

* * * * * * *

Domestic production

Based on available information, U.S. producers of steel wheels have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced steel wheels to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors mitigating responsiveness of supply include limited ability to shift shipments from alternate markets or inventories, and lack of ability to shift production to or from alternate products.

U.S. producers' capacity *** during 2015-17 and capacity utilization declined ***. U.S. producers' exports were limited and were mainly to ***. *** producers reported they *** to switch production (capacity) between steel wheels and other products using the same equipment and/or labor.[6] In addition to producing steel wheels in the United States, U.S. producers also import steel wheels from ***.[7]

Subject imports from China

Based on available information, Chinese producers of steel wheels have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel wheels to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and inventories, and some ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply include limited ability to shift production to or from alternate products.

Both Chinese capacity and capacity utilization increased between 2015 and 2017. Chinese producers reported exporting steel wheels to a variety of markets including Asia (Japan, Malaysia, and Thailand), Australia, Brazil, Europe, Mexico, the Middle East, Russia, and South Africa. Chinese producers reported that the following factors are constraints on capacity:

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[6] ***.

[7] U.S. producers have related producers of steel wheels in Canada and Mexico (see *Part III*). In addition, Accuride acquired KIC, an importer of steel wheels, in May 2017. Petition, p. I-29.

availability of inputs, availability of labor, timing of orders, and the need for manual operations. One Chinese producer, ***, reported that it can produce smaller out-of-scope steel wheels on the same equipment as steel wheels.

Imports from nonsubject sources

Nonsubject imports accounted for 18.1 percent of the quantity of total U.S. imports in 2017. The largest sources of nonsubject imports during 2015-17 were Canada and Mexico. Combined, these countries accounted for 60.7 percent of nonsubject imports in 2017. The majority of imports from Canada and Mexico during 2015-17 were made by U.S. producers.[8]

Supply constraints

*** and 12 of 14 importers reported no supply constraints for steel wheels since 2015. However, two importers reported supply constraints for steel wheels in China: *** reported plant closures due to electrical shortages and the Chinese holidays, and *** reported that steel mills in Shandong will be shut down through July 2018 to reduce pollution for the Shanghai Cooperation Organization Summit in May.

U.S. demand

Based on available information, the overall demand for steel wheels is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the low cost share in the total cost of a vehicle and the much higher cost of commercially viable substitute products.

End uses and cost share

U.S. demand for steel wheels depends on the level of demand for steel wheels in new trucks or trailers and the demand for replacement steel wheels in repairs to these vehicles. Steel wheels are used on Class 6, 7, and 8 commercial trucks and their trailers, on buses, and on certain other vehicles.[9]

Steel wheels account for a small share of the cost of a new vehicle. Firms estimated that the cost share of steel wheels in trucks and buses was 1 percent or less, and that the cost share of steel wheels for a trailer was 5 percent or less.[10] Two importers estimated the cost of steel wheels in a wheel/tire assembly, reporting 15 and 25 percent, respectively.

[8] U.S. producers have operations in Canada and Mexico (see *Part VII*).
[9] Petition, p. I-9.
[10] For trailers, ***.

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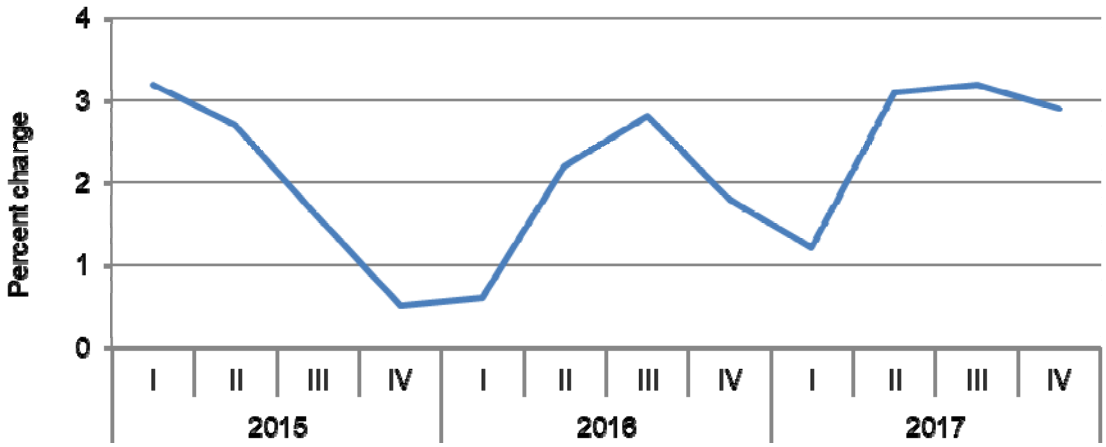
Business cycles

*** and 7 of 14 importers indicated that the market for steel wheels was subject to business cycles. In particular, *** noted that OEM demand follows the truck and trailer build cycle, and that the overall economy may also affect demand, although the cycles do not always follow economic conditions. The truck and trailer build cycle varies but tends to follow a 7 to 8 year cycle.[11] As shown in figure II-1, U.S. quarterly GDP growth during 2015-17 varied around 2 percent. Firms also noted that increased shipping such as that associated with online sales can increase demand for steel wheels.

Figure II-1
Real U.S. GDP growth: Percentage change (seasonally adjusted), quarterly, January 2015-December 2017



Source: Bureau of Economic Analysis.

Figure II-2 presents average annual truck production for class 5-7 (medium) and class 8 (heavy) trucks from 2009-17, and yearly forecasts for 2018-21.[12] Figure II-3 presents trailer production for the same period. Truck and trailer production declined from 2015 to 2016, and increased in 2017, but remained below 2015 levels. Truck and trailer production is forecasted to be higher in 2018 and 2019 than in 2017. Bus production in the United States declined steadily from 2015 to 2017 (from *** units in 2015 to *** in 2016, and *** units in 2017).[13]

In addition, two importers reported changes in conditions of competition since 2015. *** stated that aluminum wheels have gained market share. *** reported that Accuride purchased importer KIC and Italian steel wheel producer Gianetti, and began producing steel wheels in China; that imports from Accuride's Mexico facility have increased significantly; and

[11] Conference transcript, p. 108 (Monroe).

[12] Class 5 vehicles do not use 22.5-24.5 inch steel wheels. Petitioner stated a large portion of class 8 trucks are built with aluminum wheels for fuel efficiency and capacity load reasons. Conference transcript, p. 36 (Kominars).

[13] Petitioners' postconference brief, staff answers #10.

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that Maxion has expanded production in Thailand, China, and India. It also reported that there are nonsubject imports from India, Turkey, and Thailand that are not affiliated with Accuride or Maxion.

Figure II-2
U.S. truck production: Class 5-8 truck builds, yearly, 2009-17, and forecast 2018-21

* * * * * * *

Figure II-3
U.S. trailer production: yearly, 2009-17, and forecast 2018-21

* * * * * * *

Demand trends

A plurality of firms reported a decrease in U.S. demand for steel wheels since January 1, 2015 (table II-4). *** reported that demand decreased between 2015 and 2016 but partially recovered in 2017. *** reported a particular decline in class 8 truck production and also reported that the use of aluminum wheels has increased, particularly in the truck OEM segment. Six of the 13 responding importers reported that demand had decreased since 2015, 3 reported no change, 2 reported that demand had increased, and 2 that reported demand had fluctuated. Factors reported for decreased demand included increased sales of aluminum wheels and truck production moving to Mexico. Factors reported for increased demand included the U.S. economic recovery, increased truck deliveries by on-line retailers, an aging vehicle fleet requiring increased repairs, and regulations limiting truck driver hours.[14]

Table II-4
Steel wheels: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States: U.S. producers	***	***	***	***
Importers	2	3	6	2
Demand outside the United States: U.S. producers	***	***	***	***
Importers	2	3	3	2

Source: Compiled from data submitted in response to Commission questionnaires.

[14] Trans Texas Tire stated that the demand for steel wheels for trailers and trucks has increased because of federally-mandated driver logs which have increased the number of drivers, shorter delivery distances ("last-mile trucking") by companies like Amazon, and the aging of the trucking fleet. Conference transcript, pp. 129-130.

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Substitute products

*** and 9 of 14 responding importers reported that aluminum wheels are a substitute for steel wheels. All but one responding firm indicated that changes in the price of aluminum wheels had not affected prices of steel wheels.[15] Accuride stated that aluminum wheels were about three times more expensive than steel wheels.[16] Accuride and Maxion both produce aluminum wheels.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel wheels depends upon such factors as relative prices, quality, weight, and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between U.S.-produced steel wheels and steel wheels imported from China.

Lead times

Steel wheels are primarily sold from inventory. U.S. producers reported that *** percent of their commercial U.S. shipments were from inventory, with lead times averaging *** days. Importers reported that 51 percent of their commercial U.S. shipments were from U.S. inventories, with lead times averaging 12 days; 39 percent were produced-to-order with lead times averaging 70 days; and 10 percent were from foreign inventories with lead times averaging 67 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales/lost revenue allegations[17] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for steel wheels. The major purchasing factors identified by firms include quality, price, manufacturer, customer specifications, availability, delivery, and lead time.

Comparison of U.S.-produced and imported steel wheels

In order to determine whether U.S.-produced steel wheels can generally be used in the same applications as imports from China and nonsubject countries, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be

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[15] *** stated that declining prices for aluminum wheels leads to declining prices for steel wheels since more purchasers are willing to buy aluminum wheels.

[16] Conference transcript, p. 45 (Kessler).

[17] This information is compiled from responses by purchasers identified by Petitioners to the lost sales lost revenue allegations. See *Part V* for additional information.

used interchangeably. As shown in table II-5, *** U.S. producers indicated that steel wheels from the United States, China, Canada, and Mexico could always be used interchangeably. All importers also reported that steel wheels from the United States, Canada, and Mexico are always interchangeable. Most of the 13 responding importers reported that domestic and Chinese steel wheels were always (6 firms) or frequently (4 firms) interchangeable, and three reported that they were sometimes interchangeable.[18]

Table II-5
Steel wheels: Interchangeability between steel wheels produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	***	***	---	---	6	4	3	---
United States vs. Canada	***	***	---	---	7	---	---	---
United States vs. Mexico	***	***	---	---	8	---	---	---
United States vs. Other	***	***	---	---	4	---	3	---
China vs. Canada	***	***	---	---	5	1	1	---
China vs. Mexico	***	***	---	---	5	1	1	---
China vs. Other	***	***	---	---	3	2	1	---
Canada vs. Mexico	***	***	---	---	7	---	---	---
Canada vs. Other	***	***	---	---	3	1	2	---
Mexico vs. Other	***	***	---	---	3	1	2	---

Note.--A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

*** stated that steel wheels from all sources are physically interchangeable but might need to go through a qualification process if the OEM has not already qualified the source. Importer *** stated that Chinese wheel manufacturers cannot meet the high technical standards required by most OEMs.[19]

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of steel wheels from the United States, subject, or nonsubject countries. As seen in table II-6, most firms reported that there were at least sometimes differences other than price between U.S. and Chinese steel wheels, whereas most firms reported that there were never differences other than price between U.S., Canadian, and Mexican product.

[18] Responses for comparisons of product from "other" countries with the United States, China, Canada, and Mexico were more mixed.

[19] Respondents Sunrise and Jingu provided information on qualification attempts with OEMs. ***. Respondent Sunrise's postconference brief, exh. 2.

***. Respondent Jingu's postconference brief, Answer to Staff Question #3.

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Table II-6
Steel wheels: Significance of differences other than price between steel wheels produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	---	***	***	***	2	1	7	3
United States vs. Canada	---	***	***	***	1	---	---	5
United States vs. Mexico	---	***	***	***	1	---	---	5
United States vs. Other	---	***	***	***	---	2	1	1
China vs. Canada	---	***	***	***	2	1	---	3
China vs. Mexico	---	***	***	***	2	1	---	3
China vs. Other	---	***	***	***	---	---	2	2
Canada vs. Mexico	---	***	***	***	1	---	1	4
Canada vs. Other	---	***	***	***	---	2	1	1
Mexico vs. Other	---	***	***	***	---	2	1	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers stated that factors other than price between domestic and Chinese steel wheels are never significant in the aftermarket, and sometimes or never significant in sales to trailer and bus OEMs. However, U.S. producers indicated that, for sales to truck OEMs, factors other than price may be always significant or sometimes significant (for OEM truck producers that have Chinese sourcing for their OES business and/or have approved Chinese product for potential OEM use).

Several importers reported differences other than price between domestic and Chinese steel wheels. *** reported the following advantages of domestic wheels compared to Chinese product: better technical performance, full aftersales network, higher quality stability, in-time service, shorter transport time, and warrantied lead time. Some importers reported that Chinese steel wheels had advantages over domestic product in certain areas. Two importers stated that finish coatings had been a differentiating factor, but that U.S. producers have improved their coatings in the last few years. *** stated that unlike imported product, domestic manufacturers have minimum sales quantities, that Accuride sometimes requires customers to pick up their purchases in Indiana or Nuevo Laredo whereas importers offer delivery, and that Maxion and Accuride refuse to sell steel wheels to assembly customers.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of two firms that accounted for the all U.S. production of steel wheels during 2017.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to the two petitioning firms based on information contained in the petition. Staff believes that these responses represent all U.S. production of steel wheels in 2017.[1]

Table III-1 lists U.S. producers of steel wheels, their production locations, positions on the petition, and shares of total production.

Table III-1
Steel wheels: U.S. producers, their position on the petition, location of production, and share of reported production, 2017

Firm	Position on petition	Production location(s)	Share of production (percent)
Accuride	Support (Petitioner)	Henderson, KY	***
Maxion	Support (Petitioner)	Akron, OH	***
Total			***

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of steel wheels. As indicated in table III-2, *** is related to *** of the subject merchandise. In addition, as discussed in greater detail below, both U.S. producers directly import the subject merchandise while neither purchases the subject merchandise from U.S. importers. Both U.S. producers also reported related producers in Mexico, while Accuride also has a related producer in Canada. ***. Table III-3 presents U.S. producers' reported changes in operations since January 1, 2015.

[1] Petitioners asserted in the petition and during the staff conference that Accuride and Maxion are the sole U.S. producers of steel wheels, accounting for all U.S. production in 2017. Petition, p. I-7, and conference transcript, p. 103 (Stewart).

Table III-2
Steel wheels: U.S. producers' ownership, related and/or affiliated firms

* * * * * * *

Table III-3
Steel wheels: U.S. producers' reported changes in operations, since January 1, 2015

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Production of steel wheels decreased by *** percent from 2015 to 2017, while capacity remained unchanged from 2015 to 2017. Due to the decline in production, capacity utilization declined by *** percentage points from 2015 to 2017. Accuride reported "***" as a constraint on production capacity, while Maxion reported that ***.

Table III-4
Steel wheels: U.S. producers' capacity, production, and capacity utilization, 2015-17

* * * * * * *

Figure III-1
Steel wheels: U.S. producers' capacity, production, and capacity utilization, 2015-17

* * * * * * *

Alternative products

Accuride ***. As shown in table III-5, *** percent of the product produced on shared equipment during 2017 by U.S. producers was subject product.

Table III-5
Steel wheels: U.S. producers' overall capacity and production on the same equipment as subject production, 2015-17

* * * * * * *

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

U.S. shipments by channel of distribution

Table III-6 presents U.S. producers' U.S. shipments by channel of distribution. The majority (*** percent) of U.S. shipments by U.S. producers went to OEMs in 2017, with the remainder (*** percent) of U.S. shipments going to the aftermarket. Among OEMs, most U.S. producers' U.S. shipments went to trailer OEMs, accounting for *** percent of all U.S. shipments in 2017. U.S. producers' U.S. shipments to OEMs decreased by *** percent by quantity from 2015 to 2017, while U.S. shipments to the aftermarket increased by *** percent from 2015 to 2017. By value, U.S. producers' U.S. shipments to OEMs decreased by *** percent from 2015 to 2017, while U.S. shipments to the aftermarket increased by *** percent from 2015 to 2017.

Table III-6
Steel wheels: U.S. producers' U.S. shipments by channels of distribution, 2015-17

* * * * * * *

U.S. shipments by diameter size and steel type

Table III-7 presents U.S. producers' U.S. shipments by diameter size and steel type.[2] The majority (*** percent) of U.S. producers' U.S. shipments in 2017 were of 22.5", alloy steel wheels, while *** percent of U.S. shipments were of 22.5" carbon steel wheels. The rest of U.S. shipments in 2017 were comprised of 24.5" alloy steel wheels (*** percent) and 24.5" carbon steel wheels (*** percent).[3] U.S. shipments of 22.5" alloy steel wheels decreased by *** percent from 2015 to 2017, while U.S. shipments of 22.5" carbon steel wheels decreased by *** percent.

Table III-7
Steel wheels: U.S. producers' U.S. shipments by diameter size and steel type, 2015-17

* * * * * * *

[2] Firms were asked in the U.S. producers' questionnaire to give weight data in kilograms. For this report, this data has been converted to pounds (1 kg = 2.20462 pounds).

[3] "Alloy steel" wheels are produced from high-strength low-alloy hot-rolled steel. See Petition, p. I-10.

U.S. shipments, export shipments, and total shipments

Table III-8 presents U.S. producers' U.S. shipments, export shipments, and total shipments. No firm reported internal consumption or transfers to related firms in their questionnaire responses.

U.S. producers' U.S. shipments decreased by *** percent by quantity (and decreased by *** percent by value) from 2015 to 2017. The unit value of U.S. producers' U.S. shipments (in dollars per wheel) decreased by *** percent from 2015 to 2017.

Table III-8
Steel wheels: U.S. producers' U.S. shipments, export shipments, and total shipments, 2015-17

* * * * * * *

U.S. producers' export shipments increased by *** percent by quantity (and increased *** percent by value) from 2015 to 2017. The unit value of U.S. producers' export shipments (in dollars per wheel) decreased by *** percent from 2015 to 2017.

U.S. PRODUCERS' INVENTORIES

Table III-9 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** U.S. producers' end-of period inventories increased by *** percent from 2015 to 2017. In each comparison, inventories increased as a ratio to U.S. production, U.S. shipments, and total shipments by *** percentage points.

Table III-9
Steel wheels: U.S. producers' inventories, 2015-17

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of steel wheels are presented in table III-10. *** reported importing from China and Mexico, while Accuride reported imports from *** and Maxion reported imports from ***.

Table III-10
Steel wheels: U.S. producers' direct imports, 2015-17

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-11 shows U.S. producers' employment-related data. The number of production and related workers ("PRWs") decreased *** percent (by *** PRWs) from 2015 to 2017. Total hours worked, hours worked per PRW, and wages paid decreased from 2015 to 2017, while productivity was steady from 2015 to 2017 (with a small decline in 2016).

Table III-11
Steel wheels: U.S. producers' employment related data, 2015-17

* * * * * * *

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 241 firms believed to be importers of subject steel wheels, as well as to all U.S. producers of steel wheels.[1] Usable questionnaire responses were received from 18 companies, representing 9.0 percent by value of U.S. imports from China in 2017 under HTS statistical reporting numbers 8708.70.4530, 8708.70.4560, 8708.70.6030, 8708.70.6060, 8716.90.5045, and 8716.90.5059.[2]

Table IV-1 lists all responding U.S. importers of steel wheels from China and other sources, their locations, and their shares of U.S. imports, in 2017.

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[1] The Commission issued questionnaires to those firms identified in the petition for which email addresses or fax numbers were provided. Commission staff was also able to find contact information for several other firms identified in the petition but for which contact information was not provided. Further, the Commission issued questionnaires to other firms that, based on a review of proprietary U.S. Customs and Border Protection ("Customs") data, may have accounted for more than one percent of the value of total imports under HTS numbers 8708.70.4530 and 8716.90.5045 (see footnote below) in 2017.

[2] These six HTS numbers were identified by petitioners as the numbers under which steel wheels were "primarily classifiable." Petition, p. I-13. Petitioners believe that, of these six, the two most relevant numbers are 8708.70.4530 and 8716.90.5045. Petition, p. I-16. These numbers cover "road wheels for tractors, for semi-trailers, vehicles for transporting ten or more persons (buses), and vehicles for the transport of goods" and "wheels for trailers and semi-trailers and parts thereof," respectively.

Based on these two "most relevant" HTS numbers, usable questionnaire responses represent 23.2 percent of U.S. imports by value from China in 2017. Value data is referenced here since items entered under HTS subheadings 8708.70.45 and 8708.70.60 are calculated on a unit basis, while items entered under subheading 8716.90.50 are calculated on a weight basis.

Petitioners and respondent parties acknowledge that the HTS numbers cover products which are broader than the in-scope product, including potentially wheels other than 22.5" or 24.5" diameter or wheels made from other material besides steel. Conference transcript, p. 14 (Campbell) and Petitioners' postconference brief, staff answers #1. Therefore, it is unclear how much of the as-yet unaccounted for proprietary Customs data under the aforementioned HTS numbers is actually in-scope product.

The Commission received responses from 53 firms certifying that they were not importers of in-scope steel wheels since January 1, 2015. Combining these responses with the responses of 18 firms providing usable data indicates that the Commission received responses from firms accounting for 37.7 percent of value data of imports from China in 2017 under the six primary HTS numbers, and 65.5 percent of value data of imports from China in 2017 under the two "most relevant" HTS numbers.

Table IV-1
Steel wheels: U.S. importers, their headquarters, and share of total imports by source, 2017

Firm	Headquarters	Share of imports by source (percent)				
		China	Canada	Mexico	Nonsubject sources	All import sources
Accuride	Evansville, IN	***	***	***	***	***
Advanced Wheel	Worthington, OH	***	***	***	***	***
AP Tire	Scottsdale, AZ	***	***	***	***	***
Automann	Somerset, NJ	***	***	***	***	***
Cunningham	Mobile, AL	***	***	***	***	***
FleetPride	Irving, TX	***	***	***	***	***
Jingu	Hangzhou, China	***	***	***	***	***
JT Morton	Commerce, MI	***	***	***	***	***
Marco	Joshua, TX	***	***	***	***	***
Maxion	Novi, MI	***	***	***	***	***
Navistar	Lisle, IL	***	***	***	***	***
PACCAR	Bellevue, WA	***	***	***	***	***
Strategic Import Supply	Minnetonka, MN	***	***	***	***	***
Sunrise	Irvine, CA	***	***	***	***	***
Trans Texas Tire	Mount Pleasant, TX	***	***	***	***	***
Tredit	Elkhart, IN	***	***	***	***	***
Vanguard	Monon, IN	***	***	***	***	***
Wheels Express	Rush Springs, OK	***	***	***	***	***
Total		***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of steel wheels from China and all other sources. Imports from China increased by 11.0 percent by quantity from 2015 to 2017, and over the same period increased 5.1 percent by value despite decreasing in quantity and value in 2016. Imports from nonsubject sources increased by 25.9 percent by quantity from 2015 to 2017, and over the same period increased 22.6 percent by value.[3] As a ratio to U.S. production, imports from subject sources increased by 6.8 percentage points from 2015 to 2017, while imports from nonsubject sources as a ratio to U.S. production increased by 2.5 percentage points.

[3] ***.

Table IV-2
Steel wheels: U.S. imports, by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (wheels)		
U.S. imports from.--			
China	822,590	741,324	913,173
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	160,485	189,200	202,014
All import sources	983,075	930,524	1,115,187
	Value (1,000 dollars)		
U.S. imports from.--			
China	36,296	25,994	38,154
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	12,387	13,273	15,189
All import sources	48,683	39,267	53,343
	Unit value (dollars per wheel)		
U.S. imports from.--			
China	44.12	35.06	41.78
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	77.18	70.15	75.19
All import sources	49.52	42.20	47.83

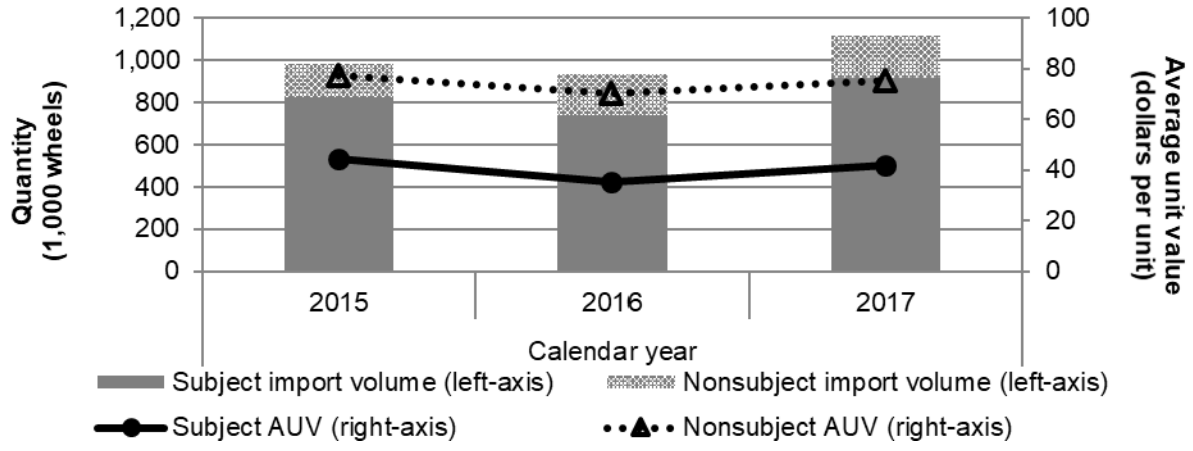
Table continued on next page.

Table IV-2
Steel wheels: U.S. imports, by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Share of quantity (percent)		
U.S. imports from.--			
China	83.7	79.7	81.9
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	16.3	20.3	18.1
All import sources	100.0	100.0	100.0
	Share of value (percent)		
U.S. imports from.--			
China	74.6	66.2	71.5
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	25.4	33.8	28.5
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.--			
China	***	***	***
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-1
Steel wheels: U.S. import volumes and average unit values, 2015-17



Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-3 presents data for U.S. imports of steel wheels by U.S. producers. From 2015 to 2017, the share of imports of steel wheels from China by U.S. producers decreased by *** percentage points, while the share of imports of steel wheels from nonsubject sources by U.S. producers increased by *** percent.

Table IV-3
Steel wheels: U.S. imports by U.S. producers, 2015-17

* * * * * * *

SHIPMENTS OF U.S. IMPORTS

U.S. shipments by channel of distribution

Table IV-4 presents importers' U.S. shipments by channels of distribution for subject and nonsubject sources. The majority (*** percent) of U.S. shipments of imports from China by importers went to the aftermarket in 2017, with *** percent of U.S. shipments going to the OEMs in 2017. Among OEMs, most importers' U.S. shipments of imports from China went to trailer OEMs, accounting for *** percent of all U.S. shipments in 2017. Importers' U.S. shipments of imports from China to OEMs increased by *** percent by quantity from 2015 to 2017, while U.S. shipments to the aftermarket increased by *** percent by quantity. By value, importers' U.S. shipments of imports from China to OEMs decreased by *** percent from 2015 to 2017, while U.S. shipments to the aftermarket increased by *** percent by value.

For imports from nonsubject sources, *** percent of U.S. shipments went to the aftermarket in 2017, with *** percent of U.S. shipments going to OEMs in 2017. Among OEMs, most importers' U.S. shipments of imports from nonsubject sources went to truck OEMs, accounting for *** percent of all U.S. shipments in 2017. Importers' U.S. shipments of imports from nonsubject sources to OEMs decreased by *** percent by quantity from 2015 to 2017, while U.S. shipments to the aftermarket increased by *** percent by quantity. By value, importers' U.S. shipments of imports from nonsubject sources to OEMs decreased by *** percent from 2015 to 2017, while U.S. shipments to the aftermarket increased by *** percent by value.

Table IV-4
Steel wheels: U.S. Importers' U.S. shipments by channels of distribution, 2015-17

* * * * * * *

U.S. shipments by diameter size and steel type

Table IV-5 presents U.S. importers' U.S. shipments from China and from nonsubject sources by diameter size and steel type.[4] The majority (*** percent) of U.S. importers' U.S. shipments of steel wheels from China in 2017 were of 22.5" alloy steel wheels, while *** percent of U.S. shipments were of 22.5" carbon steel wheels. U.S. shipments of 22.5" alloy steel wheels increased by *** percent from 2015 to 2017, while U.S. shipments of 22.5" carbon steel wheels increased by *** percent.

In contrast, the majority (*** percent) of U.S. importers' U.S. shipments of steel wheels from nonsubject sources in 2017 were of 22.5" carbon steel wheels, while *** percent of U.S. shipments were of 22.5" alloy steel wheels. U.S. shipments of 22.5" alloy steel wheels decreased by *** percent from 2015 to 2017, while U.S. shipments of 22.5" carbon steel wheels increased by *** percent.

Table IV-5
Steel wheels: U.S. shipments of imports by diameter size and steel type, 2015-17

* * * * * * *

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then

[4] Importer *** did not provide data related to this section in their questionnaire, stating they could not "***". *** email message to USITC staff, April 24, 2018.

[4] Firms were asked in the U.S. importers' questionnaire to give weight data in kilograms. For this report, this data has been converted to pounds (1 kg = 2.20462 pounds).

[5] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

imports from such countries are deemed not to be negligible.[6] As shown in table IV-6, imports from China accounted for 82.0 percent of total imports of steel wheels by quantity during March 2017 to February 2018. Table IV-7 and figure IV-2 show detailed monthly import data.

Table IV-6
Steel wheels: U.S. imports in the twelve-month period preceding the filing of the petition

Country	March 2017 to February 2018	
	Quantity (units)	Share of quantity (percent)
China	932,557	82.0
Nonsubject sources	204,492	18.0
All sources	1,137,049	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-7
Steel wheels: U.S. imports by month, Jan. 2017-Feb. 2018

* * * * * * *

Figure IV-2
Steel wheels: U.S. imports by month, Jan. 2017-Feb. 2018

* * * * * * *

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-8 and figure IV-3 present data on apparent U.S. consumption and U.S. market shares for steel wheels. U.S. producers accounted for *** percent of the market for steel wheels by quantity in 2017, a decrease of *** percentage points from 2015. Subject imports from China held *** percent of the market by quantity in 2017, a *** percentage point increase from 2015. The market share held by nonsubject imports was *** percent by quantity in 2017, the same level as in 2015 after peaking in 2016.

[6] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-8
Steel wheels: Apparent U.S. consumption, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (wheels)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	784,679	762,809	861,662
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	174,274	181,938	172,317
All import sources	958,953	944,747	1,033,979
Apparent U.S. consumption	***	***	***
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	37,025	32,575	37,674
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	13,304	13,067	13,766
All import sources	50,329	45,642	51,440
Apparent U.S. consumption	***	***	***

Table continued on next page.

Table IV-8 -- Continued
Steel wheels: Apparent U.S. consumption, 2015-17

Item	Calendar year		
	2015	2016	2017
	Share of quantity (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	***	***	***
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
	Share of value (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	***	***	***
Canada	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Figure IV-3
Steel wheels: Apparent U.S. consumption, 2015-17

* * * * * * *

U.S. market shares by market sector

U.S. market share data by market sector (i.e., truck OEMs, trailer OEMs, other OEMs, and the aftermarket) are presented in tables IV-9 through IV-12 and figures IV-4 through IV-7.

Table IV-9
Steel wheels: Truck OEM sales, 2015-17

* * * * * * *

Figure IV-4
Steel wheels: Truck OEM sales, 2015-17

* * * * * * *

Table IV-10
Steel wheels: Trailer OEM sales, 2015-17

* * * * * * *

Figure IV-5
Steel wheels: Trailer OEM sales, 2015-17

* * * * * * *

Table IV-11
Steel wheels: Other OEM sales, 2015-17

* * * * * * *

Figure IV-6
Steel wheels: Other OEM sales, 2015-17

* * * * * * *

Table IV-12
Steel wheels: Aftermarket sales, 2015-17

* * * * * * *

Figure IV-7
Steel wheels: Aftermarket sales, 2015-17

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials, in particular hot-rolled steel, account for a substantial portion of steel wheel production costs. During 2015-17, raw materials accounted for *** to *** percent of the cost of goods sold. As shown in figure V-1, hot-rolled steel prices declined in 2015, increased during the first half of 2016, and then fluctuated through the fourth quarter of 2017.[1] From the fourth quarter of 2017 through the first quarter of 2018, hot-rolled steel prices have increased sharply. Accuride stated that its raw materials costs have increased significantly since the fourth quarter 2017 as hot-rolled steel prices have increased by 40 percent.[2] Petitioners indicated that their contracts with larger truck and trailer OEM customers have mechanisms for raw material price adjustments.[3]

Figure V-1
Hot-rolled steel: Price indices for hot-rolled steel, monthly, January 2015-March 2018

* * * * * * *

U.S. inland transportation costs

*** responding U.S. producers reported that they typically *** transportation for their customers, and most responding importers (12 of 14) reported that they *** transportation. U.S. producers Accuride and Maxion reported U.S. inland transportation costs of *** percent, respectively. Among importers, five firms reported costs of 2 to 5 percent, four reported costs of 8 to 15 percent, and two reported costs of 22 to 32 percent. *** stated that freight costs have been volatile over the past three years.

[1] Imports of hot-rolled steel from several countries have been subject to antidumping and countervailing duty orders since 2016. In addition, hot-rolled steel is subject to import duties that were imposed in March 2018 under section 232 of the Trade Expansion Act of 1962. https://www.cbp.gov/trade/programs-administration/entry-summary/232-tariffs-aluminum-and-steel.

[2] Conference transcript, p. 22 (Risch). *** stated that hot-rolled steel prices have been volatile but have increased year over year from 2015-17.

[3] Petition, p. I-37. Conference transcript, pp. 87-89 (Risch and Monroe). ***.

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using a variety of price setting methods including transaction-by-transaction pricing, set price lists, and contracts (table V-1).

Table V-1
Steel wheels: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	***	8
Contract	***	4
Set price list	***	7
Other	***	3
Responding firms	2	14

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. producers reported selling most of their steel wheels under long-term contracts while most subject imports were sold in the spot market (table V-2). Sales to the larger OEMs tend to be via long-term contracts, whereas sales to the aftermarket tend to be on a spot basis. U.S. producers' contracts are typically for 2 to 3 years.[4]

Table V-2
Steel wheels: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

* * * * * * *

*** U.S. producers reported that long-term contracts averaged *** years and *** price renegotiation. ***. ***.

Four importers reported selling via short-term contracts, two reported using annual contracts, and two reported using long-term contracts. Among the two importers reporting long-term contract sales, ***.[5]

Purchasers provided a general description of their firms' method of purchase for steel wheels. Most firms reported purchasing based on individual purchases and/or contracts and some firms reported using request for quotations ("RFQs").

[4] Conference transcript, p. 108 (Monroe and Kominars).
[5] ***. ***.

Sales terms and discounts

***. Ten of 12 responding importers reported quoting prices on a delivered basis, and four reported quoting prices on an f.o.b. basis.

*** U.S. producers reported *** discounts. ***. Half of the 14 responding importers reported offering discounts, with four of these firms reporting quantity discounts and four reporting annual volume discounts. Maxion reported sales terms of *** and *** reported sales terms of ***. Most importers (9 of 12) reported sales terms of net 30 days, three reported sales terms of net 60, and three reported other sales terms.[6]

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following steel wheels products shipped to unrelated U.S. customers during January 2015-December 2017.

Product 1.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to OEMs.

Product 2.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 60 to 75 lbs., inclusive, sold to the aftermarket.

Product 3.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to OEMs.

Product 4.-- 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing more than 75 lbs., sold to the aftermarket.

Both U.S. producers and 11 importers of steel wheels from China provided usable pricing data for sales of the requested products[7] and channels although not all firms reported pricing for all products for all quarters.[8] Pricing data reported by these firms accounted for

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[6] Some importers reported multiple sales terms.

[7] ***.

[8] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Some firms' pricing data varied quarter to quarter. Reasons reported by firms for variations included: closing out inventories of heavier weight steel wheels, changes in steel prices, exchange rate fluctuations, product variation within the pricing product definition, and competition in the market. The petitioners stated that the pricing product definitions could include many different part numbers by the

(*continued*...)

approximately 95 percent of U.S. producers' commercial U.S. shipments of steel wheels and 78 percent of commercial U.S. shipments of subject imports from China in 2017.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-2 to V-5. Nonsubject country prices for Mexico are presented in Appendix D.

Table V-3
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2015-December 2017

* * * * * * *

Table V-4
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2015-December 2017

* * * * * * *

Table V-5
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2015-December 2017

* * * * * * *

Table V-6
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2015-December 2017

* * * * * * *

Figure V-2
Steel wheels: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2015-December 2017

* * * * * * *

(…*continued*)
same producer, and that variables can include load carrying capacity, numbers of hand holes, weight, hub-piloted or stud-piloted, finish, and whether a warranty is included. In addition, they stated that certain low-production-volume wheels will be more expensive than other wheels because of the additional production expense. They also stated that heavier wheels will typically be priced lower than lighter weight wheels because of the additional material used in their production. Petitioners' postconference brief, staff answers #6.

On the other hand, respondent Jingu stated that a lighter-weight steel wheel will normally be priced higher than a heavier-weight steel wheel because of better fuel economy and the ability to carry heavier cargo loads. It stated that a 68-pound wheel would be priced roughly 5 percent higher than an 80-pound wheel, all other things being equal. Also, it stated that prices to the truck OEM market have been historically the lowest, then prices to trailer OEMs, and that prices to the aftermarket are typically higher, based on the volumes typically purchased by these types of customers. Respondent Jingu's postconference brief, staff answers #5 and 6.

Figure V-3
Steel wheels: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2015-December 2017

* * * * * * *

Figure V-4
Steel wheels: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2015-December 2017

* * * * * * *

Figure V-5
Steel wheels: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2015-December 2017

* * * * * * *

Price trends

In general, U.S. producers' prices were lower in 2017 than in 2015, with declining prices from 2015 to 2016 followed by increases in 2017. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from *** to *** percent for products 1, 2, and 3 during January 2015-December 2017 and import price decreases ranged from *** to *** percent for products 3 and 4. The price of domestic product 4 increased by *** percent during January 2015-December 2017 and the price of imported products 1 and 2 increased by *** percent and *** percent, respectively.

Table V-7
Steel wheels: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

* * * * * * *

More than four-fifths of U.S. producer sales were in product 1 (lighter-weight wheels sold to OEMs). This product category represented less than one-fifth (16 percent) of pricing data collected for China. Product 2 (lighter-weight wheels sold to the aftermarket) was the largest volume category for subject imports, representing slightly less than half of subject import price data.

Price comparisons

As shown in table V-8, prices for steel wheels imported from China were below those for U.S.-produced product in all 48 instances (1.6 million wheels); margins of underselling ranged from 12.3 to 44.9 percent. There were no instances of overselling.

Table V-8
Steel wheels: Instances of underselling and the range and average of margins, by China, January 2015-December 2017

Source	Underselling				
	Number of quarters	Quantity (wheels)	Average margin (percent)	Margin Range (percent)	
				Min	Max
Product 1	12	***	***	***	***
Product 2	12	***	***	***	***
Product 3	12	***	***	***	***
Product 4	12	***	***	***	***
Total, underselling	48	1,600,940	28.8	12.3	44.9

Note.--There were no instances of overselling. There was a comparison between the U.S. and subject product in every quarter.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

**** reported that they had to either reduce prices or roll back announced price increases, and *** reported that they had lost sales. *** submitted lost sales and lost revenue allegations, identifying 53 customers where they lost sales or revenue (all consisting of both types of allegations).[9]

Staff contacted 53 purchasers and received responses from 23 purchasers.[10] Responding purchasers reported purchasing and importing 6.3 million steel wheels during January 2015-December 2017 (table V-9).[11]

During 2017, responding purchasers purchased or imported 49.9 percent of their steel wheels from U.S. producers, 26.0 percent from China, 22.4 percent from nonsubject countries, and 1.6 percent from unknown sources. Of the 23 responding purchasers, 5 reported decreasing purchases from domestic producers, 7 reported increasing purchases, 4 reported no change, 3 reported fluctuating purchases, and 1 did not purchase domestic product. Explanations for increasing purchases of domestic product included overall sales growth and customer preference for U.S. produced steel wheels. Explanations for decreasing purchases of domestic product included cost, customers turning to out-of-scope alternatives, and switching to purchasing assemblies/tire mounted programs that used Chinese produced steel wheels.

Of the 23 responding purchasers, 13 reported that, since 2015, they had purchased imported steel wheels from China instead of U.S.-produced product. All 13 of these purchasers reported that subject import prices were lower than prices for U.S.-produced product, and 8 of these purchasers reported that price was a primary reason for the decision to purchase

[9] ***.
[10] In addition, ***.
[11] ***. ***.

imported product rather than U.S.-produced product. Five purchasers estimated the quantity of steel wheels from China purchased instead of domestic product; quantities ranged from 3,000 to 193,211 wheels (table V-10). Purchasers identified the following non-price reasons for purchasing imported rather than U.S.-produced product: quality; availability (product in stock and quick deliveries); terms; ***; domestic supplier's unwillingness to support firm's private brand strategy; Chinese wheels had powder-coated finish; and that domestic wheels are standard, however, if customers specifically request imports then *** wheels are provided.

One of the 23 responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China, 14 firms reported that U.S. producers had not reduced prices to compete with lower-priced imports from China, and 8 firms indicated that they did not know (table V-11).

Table V-9
Steel wheels: Purchasers' responses to purchasing patterns

* * * * * * *

Table V-10
Steel wheels: Purchasers' responses to purchasing subject imports instead of domestic product

* * * * * * *

Table V-11
Steel wheels: Purchasers' responses to U.S. producer price reductions

* * * * * * *

In responding to the lost sales/lost revenue survey, some purchasers provided additional information on purchases and market dynamics. *** reported that Accuride reduced its prices to truck manufacturers' aftermarket parts groups but not to wholesalers. *** reported that although cost is important, it is not the most important factor, and that it purchases other wheel products from U.S. manufacturers. *** reported that Accuride is its primary wheel supplier but that it may consider purchasing Chinese products from importer KIC now that Accuride has acquired KIC. ***.[12] *** stated that Accuride would not extend credit or provide timely shipment because *** and that it was forced to seek alternate suppliers. *** stated that Accuride did not recognize it as a distributor, that it lost business to distributors of Accuride's wheels, and that the only Chinese wheels it purchased were from KIC, which has been acquired by Accuride.

[12] ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Accuride[1] and Maxion[2] provided usable data on their operations on steel wheels. *** accounted for approximately *** percent of combined total net sales value in 2017. Both U.S. producers reported a fiscal year end of December 31; Accuride reported financial data based on U.S. generally accepted accounting principles (U.S. GAAP) and Maxion reported on the basis of international financial reporting standards (IFRS).

OPERATIONS ON STEEL WHEELS

Table VI-1 presents aggregated data on U.S. producers' operations in relation to steel wheels. Table VI-2 shows the changes in average unit values of select financial indicators. Table VI-3 presents selected company-specific financial data. Both firms reported only commercial sales.

Net sales

As shown in table VI-1, the quantity and value of net sales decreased irregularly from 2015 to 2017 (both indicators fell from 2015 to 2016 and increased in 2017). [3] The per-wheel net sales value likewise fell from 2015 to 2016, but increased in 2017. As shown in table VI-3,

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[1] Accuride Corp. was incorporated in November 1986 to acquire substantially all of Firestone Steel Products (itself a spinoff of the Firestone Tire and Rubber Co.). Accuride was purchased by the investment firm of Kohlberg, Kravis, and Roberts in 1998 and was listed on the New York Stock Exchange in January 2011. Accuride was acquired by an affiliate of Crestview Partners, a private equity firm, in November 2016. Accuride reported that steel wheels accounted for approximately *** of its sales in 2017.

[2] Maxion is the U.S. operating subsidiary of Iochpe-Maxion, a Brazilian company. Iochpe-Maxion is self-described as "the world leader in the production of automotive wheels." Hayes Lemmerz, as Maxion was known previously, was a U.S. manufacturer of steel wheels for light and commercial vehicles and aluminum automotive wheels for light vehicles, and was acquired in 2012; this entity became known as Maxion. Besides the United States, Maxion produces steel wheels for commercial vehicles at plants in Brazil, China, India, Germany, Mexico, and Turkey. Maxion reported that steel wheels accounted for approximately *** of its sales in 2017.

Iochpe-Maxion reports financial results for its segment, Maxion. Segment reporting is broken out for "light" and "commercial vehicles" for NAFTA and other geographic regions. Iochpe-Maxion, "Management report – 4Q17," Relatorio Adm 4T17_EN_VF, found at Internet site https://www.iochpe.com.br, retrieved April 18, 2018 (EDIS document 642840). ***.

[3] According to ***, demand for steel wheels decreased from 2015 to 2016 with some recovery in 2017. Email to staff from ***.

both U.S. producers reported similar trends—***.[4] Maxion reported ***. Maxion reported ***. The sales unit values of the two firms ***.

Table VI-1
Steel wheels: Results of operations of U.S. producers, 2015-17

* * * * * * *

Table VI-2
Steel wheels: Changes in AUVs, between calendar years

* * * * * * *

Table VI-3
Steel wheels: Selected results of operations of U.S. producers, by firm, 2015-17

* * * * * * *

Cost of goods sold and gross profit or (loss)

As noted earlier, ***. As shown in table VI-1, the ratio of COGS to net sales ratio fell from *** percent in 2015 to *** percent in 2016 and to *** percent in 2017. On a company-specific basis, ***.

Total COGS consist of raw materials, direct labor, and other factory costs ("OFC"). Raw materials represented the largest component of COGS, accounting for between *** percent (in 2016) and *** percent (in 2015). On a per-wheel basis, raw material costs fell irregularly from $*** per wheel in 2015 to $*** per wheel in 2017. As shown in table VI-3, ***. Steel accounted for the vast majority of total raw material costs, ***. ***.[5] Other raw material inputs include ***.[6] While other raw material inputs were ***. Nonetheless, ***. Maxion ***.[7]

According to ***.[8] An industry witness testified that prices for hot-rolled steel are approximately 40 percent higher during the second quarter of 2018 compared with fourth quarter 2017.[9] [10]

---

[4] Demand for steel wheels is tied to the cyclical truck build industry. Petitioners' data showed a decline in U.S. truck and trailer builds from 2015 to 2016 and a slight increase from 2016 to 2017 using aggregated data for class 5-7 trucks, class 8 trucks, and trailers. Postconference brief of Zhejiang Jingu Co., p. 11 (citing petition vol. 1, p. I-25). Petitioners provided a forecast of consumption of steel wheels that projects ***. Petitioners' postconference brief, staff answers #9 and exh. 1 (***).

[5] U.S. producers' questionnaire response and ***.

[6] U.S. producers' questionnaire responses. Also, Maxion outsourced its painting (***) to an outside firm beginning in 2009. See conference transcript, p. 25 (Aydogan). Maxion explained, "***." Email to staff from ***.

[7] ***.

[8] ***.

Direct labor is the smallest of the three categories, averaging between ***. Like raw material costs, direct labor costs tend to vary with product and sales. ***.

Other factory costs (OFC), the last category of costs in COGS, ranged from $*** to $*** per wheel, and *** of total COGS. ***. This may be due to ***.

The industry's gross profit increased by *** percent, from $*** in 2016 to $*** in 2017, after an increase from 2015 to 2016 of ***. As depicted in table VI-2, the per-wheel decrease in total COGS was greater than the per-wheel decrease in total net sales from 2015 to 2016, while per-wheel sales increased more than per-wheel total COGS did between 2016 and 2017. On a company-specific basis, ***.

SG&A expenses and operating income or (loss)

As shown in table VI-1, the industry's SG&A expenses[11] increased from $*** to $*** from 2015 to 2017, the ratio of total SG&A expenses to total net sales value increased but moved within a relatively narrow range, from *** percent in 2015 to *** percent in 2017. As shown in table VI-3, total SG&A expenses of ***.[12] The ratio to sales followed that same trend. Per-wheel SG&A expenses were ***; those of Accuride *** compared with those of Maxion, which ***.

The industry's operating income increased *** from $*** in 2015 to $*** in 2016 before further increasing to $*** in 2017. On a company-specific basis, ***.

(…*continued*)

[9] Conference transcript, p. 22 (Risch).

[10] The input to make steel wheels is generally hot-rolled steel in coils, a steel mill product. The effect of certain steel trade actions has been to raise the price of imported and domestically-produced steel and increase the cost of downstream products produced from steel, although producers of steel wheels may have provisions in some of their contracts that tie or pass through changes in input costs to the prices of steel wheels. Conference transcript, pp. 87-88 (Risch and Monroe); also Postconference brief of respondent Sunrise, exh. 1, p. 9. Hot-rolled steel prices were affected by Commerce's affirmative countervailing duty determinations in March 2016 and its antidumping orders in October of that year. More recently, the President exercised his authority under Section 232 (the national security provision) of the Trade Expansion Act of 1962 on March 8, 2018, to impose 25 percent *ad valorem* duties on all steel mill products from all countries except those exempted; reportedly, exemptions have been granted to Argentina, Australia, and Brazil, and temporary exemptions until June 1, 2018, have been made for Canada, Mexico, and the European Union. On March 23, 2018, the Section 232 tariffs became effective and U.S. Customs and Border Collection began collecting them. *See*, https://www.whitehouse.gov/presidential-actions/presidential-proclamation-adjusting-imports-steel-united-states; see also, The Effect of Steel on National Security ("Commerce 232 Steel Report") January 11, 2018, pp. 9-10.

[11] ***.

[12] ***.

Other expenses and net income

Classified below the operating income levels are other expense and other income, which are usually allocated to the product line from high levels in the corporation. ***. Cash flow, defined as net income plus depreciation, followed the same trend as operating income, increasing from $*** in 2015 to $*** in 2016, and to $*** in 2017, largely reflecting ***.

Variance analysis

The variance analysis presented in table VI-4 is based on the data in table VI-1.[13] The analysis shows that the operating income increased from 2015 to 2016 because ***. The analysis also indicates that operating income increased from 2016 to 2017 attributable to ***.

Table VI-4
Steel wheels: Variance analysis for U.S. producers, between calendar years 2015-17

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-5 presents capital expenditures and research and development ("R&D") expenses by firm. Capital expenditures fell from $*** in 2015 to $*** in 2017. As shown in table VI-5, ***.[14] ***.

Table VI-5
Steel wheels: Capital expenditures and R&D expenses for U.S. producers, by firm, 2014-16

* * * * * * *

[13] The Commission's variance analysis is calculated in three parts: sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A expense variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

[14] ***.

ASSETS AND RETURN ON ASSETS

Table VI-6 presents data on the U.S. producers' total assets and their operating return on assets.[15] Total assets increased irregularly from $*** in 2015 to $*** in 2017. The return on assets decreased irregularly from *** percent in 2015 to *** percent in 2017. ***.[16]

Table VI-6
Steel wheels: Value of assets used in production, warehousing, and sales, and return on assets for U.S. producers by firm, 2015-17

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of steel wheels to describe actual or potential negative effects of imports of steel wheels from China on their firms' growth, investment, ability to raise capital, development and production efforts, or on the scale of capital investments. Table VI-7 presents U.S. producers' responses in a tabulated format and table VI-8 provides the narrative responses.

Table VI-7
Steel wheels: Actual and anticipated negative effects of imports on investment and growth and development from imports from China since January 1, 2015

* * * * * * *

Table VI-8
Steel wheels: Narrative responses relating to actual and anticipated negative effects of imports from China on investment and growth and development, since January 1, 2015

* * * * * * *

[15] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for steel wheels.

[16] This refers to ***.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 177 firms believed to produce and/or export steel wheels from China.[3] Usable responses to the Commission's questionnaire were received from six firms. These firms' exports to the United States accounted for more than 100.0 percent of U.S. imports of steel wheels from China in 2017.[4] According to estimates requested of the responding Chinese producers, the production of steel wheels in China reported in questionnaires accounts for approximately 24.0 percent of overall production of steel wheels in China. Table VII-1 presents information on the steel wheel operations of the responding producers and exporters in China.

Table VII-1
Steel wheels: Summary data on firms in China, 2017

Firm	Production (wheels)	Share of reported production (percent)	Exports to the United States (wheels)	Share of reported exports to the United States (percent)	Total shipments (wheels)	Share of firm's total shipments exported to the United States (percent)
Better Wheel	***	***	***	***	***	***
CIMAC Wheel	***	***	***	***	***	***
Intelligent Transportation Systems	***	***	***	***	***	***
Jingu	***	***	***	***	***	***
Maxion Nantong	***	***	***	***	***	***
Sunrise Group	***	***	***	***	***	***
Total	6,677,308	100.0	973,252	100.0	6,561,200	***

Source: Compiled from data submitted in response to Commission questionnaires.

Changes in operations

As presented in table VII-2, producers in China reported several operational and organizational changes since January 1, 2015.

[3] The Commission issued questionnaires to those firms identified in the petition for which email addresses or fax numbers were provided. Commission staff was also able to find contact information for several other firms identified in the petition but for which contact info was not provided.

[4] Based on questionnaire data, reported exports from China totaled 973,252 wheels, while reported imports from China totaled 913,173 wheels in 2017.

Table VII-2
Steel wheels: Reported changes in operations by producers in China, since January 1, 2015

* * * * * * *

Operations on steel wheels

Table VII-3 presents information on the steel wheels operations of the responding producers and exporters in China. Chinese producers' production capacity increased by 2.6 percent from 2015 to 2017, and is projected to increase by a further 1.1 percent from 2017 to 2019. Chinese producers' production increased by 22.4 percent from 2015 to 2017, and is projected to increase by a further 2.8 percent from 2017 to 2019.

Chinese producers' home market shipments increased by 20.3 percent from 2015 to 2017, but are projected to increase by a further 24.3 percent from 2017 to 2019. Home market shipments accounted for between 39.7 percent and 44.5 percent of total shipments during 2015-17.

From 2015 to 2017, Chinese producers' export shipments to the United States increased by 65.4 percent, and are projected to decrease by 55.9 percent from 2017 to 2019. Export shipments to non-U.S. markets decreased from 2015 to 2016 before rising in 2017. Overall, export shipments to non-U.S. markets increased by 20.5 percent from 2015 to 2017 and are expected to increase by 8.8 percent from 2017 to 2019. Chinese export shipments were largely destined for non-U.S. markets, which accounted for between 41.5 percent and 47.3 percent of total shipments from 2015-17.

Chinese respondent Jingu estimates that three companies—itself, Sunrise, and Xingmin ITS—account for more than 80 percent of subject steel wheels exported to the United States. Jingu also believes that these three companies are the only Chinese producers that make the lightweight wheels "preferred" by the U.S. market.[5] In addition, two producers have reported ***.[6]

[5] Respondent Jingu's postconference brief, p. 16.

[6] Respondent Jingu's postconference brief, answer to staff question #3 and respondent Sunrise's postconference brief, answer to staff question at attachment D.

Table VII-3
Steel wheels: Data on industry in China, 2015-17 and projected calendar years 2018 and 2019

Item	Actual experience			Projections	
	Calendar year				
	2015	2016	2017	2018	2019
	Quantity (wheels)				
Capacity	7,756,000	7,883,000	7,963,000	8,019,000	8,055,000
Production	5,453,565	5,464,548	6,677,308	6,581,666	6,865,446
End-of-period inventories	657,229	724,717	840,825	524,304	526,539
Shipments: Home market shipments: Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	2,166,746	2,400,274	2,607,365	2,964,596	3,241,772
Export shipments to: United States	588,579	759,321	973,252	616,765	428,765
All other markets	2,474,050	2,237,465	2,980,583	3,027,204	3,242,674
Total exports	3,062,629	2,996,786	3,953,835	3,643,969	3,671,439
Total shipments	5,229,375	5,397,060	6,561,200	6,608,565	6,913,211
	Ratios and shares (percent)				
Capacity utilization	70.3	69.3	83.9	82.1	85.2
Inventories/production	12.1	13.3	12.6	8.0	7.7
Inventories/total shipments	12.6	13.4	12.8	7.9	7.6
Share of shipments: Home market shipments: Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	41.4	44.5	39.7	44.9	46.9
Export shipments to: United States	11.3	14.1	14.8	9.3	6.2
All other markets	47.3	41.5	45.4	45.8	46.9
Total exports	58.6	55.5	60.3	55.1	53.1
Total shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (wheels)				
Resales exported to the United States	***	***	***	***	***
Total exports to the United States	***	***	***	***	***
	Ratios and shares (percent)				
Share of total exports to the United States. Exported by producers	***	***	***	***	***
Exported by resellers	***	***	***	***	***
Adjusted share of total shipments exported to US[1]	***	***	***	***	***

[1] Shares in this row are derived from adding resales exported to the United States to export shipments to the United States, and dividing the total by total shipments. The resales of exports ***.

Source: Compiled from data submitted in response to Commission questionnaires.

Alternative products

As shown in table VII-4, responding Chinese firms produced other goods on the same equipment and machinery used to produce steel wheels. Chinese producers' overall capacity increased by 2.1 percent from 2015 to 2017, and steel wheels accounted for roughly *** percent of overall production in each year from 2015 to 2017.[7]

Table VII-4
Steel wheels: Overall capacity and production on the same equipment as in-scope production by producers in China, 2015-17

Item	Calendar year		
	2015	2016	2017
	Quantity (wheels)		
Overall capacity	12,194,000	12,362,129	12,448,000
Production:			
Steel wheels	5,453,565	5,464,548	6,677,308
Heavy duty steel wheels for tube-type tires	***	***	***
Heavy duty steel wheels non-standard sizes	***	***	***
Light and medium duty steel wheels	***	***	***
Aluminum wheels	***	***	***
Other products	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production:			
Steel wheels	***	***	***
Heavy duty steel wheels for tube-type tires	***	***	***
Heavy duty steel wheels non-standard sizes	***	***	***
Light and medium duty steel wheels	***	***	***
Aluminum wheels	***	***	***
Other products	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

[7] Foreign producer CIMAC Wheel ***.

Exports[8]

According to GTA, the leading export markets for wheels and other automotive products from China are the United States, Japan, and Mexico (table VII-5). During 2017, the United States was the top export market for certain automotive products from China, accounting for 37.8 percent of China's exports of these goods, followed by Japan, accounting for 8.8 percent.

Table VII-5
Road wheels, road parts, and trailer and semi-trailer parts: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (1,000 kilograms)		
Exports from China to the United States	803,621	837,403	938,726
Exports from China to other major destination markets.--			
Japan	193,806	194,114	217,871
Mexico	88,133	91,847	105,279
Russia	61,586	79,035	95,673
Canada	71,367	59,898	79,033
Germany	59,377	69,839	76,279
Thailand	57,931	63,353	71,560
Australia	47,532	51,484	58,653
United Kingdom	45,174	49,029	56,671
All other destination markets	769,402	749,222	781,720
Total exports from China	2,197,929	2,245,225	2,481,465

Table continued on next page.

[8] Export data from Global Trade Atlas ("GTA") cited throughout this part are based on export data for HS subheading 8708.70, "Road Wheels And Parts And Accessories Thereof For Motor Vehicles", and 8716.90, "Parts Of Trailers, Semi-Trailers And Other Vehicles, Not Mechanically Propelled." As such, these data also encompasses out-of-scope products.

Table VII-5 -- Continued
Road wheels, road parts, and trailer and semi-trailer parts: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
Exports from China to the United States	2,952,993	2,926,922	3,250,917
Exports from China to other major destination markets.--			
Japan	809,794	772,024	847,922
Mexico	294,875	291,716	335,442
Russia	170,445	175,460	219,255
Canada	180,495	154,696	197,862
Germany	161,157	185,303	196,411
Thailand	126,684	137,270	166,455
Australia	126,262	128,627	140,943
United Kingdom	108,572	105,571	119,662
All other destination markets	1,794,625	1,667,579	1,821,949
Total exports from China	6,725,901	6,545,168	7,296,818

Table continued on next page.

Table VII-5 -- Continued

Road wheels, road parts, and trailer and semi-trailer parts: Exports from China by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per kilogram)		
Exports from China to the United States	3.67	3.50	3.46
Exports from China to other major destination markets.--			
Japan	4.18	3.98	3.89
Mexico	3.35	3.18	3.19
Russia	2.77	2.22	2.29
Canada	2.53	2.58	2.50
Germany	2.71	2.65	2.57
Thailand	2.19	2.17	2.33
Australia	2.66	2.50	2.40
United Kingdom	2.40	2.15	2.11
All other destination markets	2.33	2.23	2.33
Total exports from China	3.06	2.92	2.94
	Share of quantity (percent)		
Exports from China to the United States	36.6	37.3	37.8
Exports from China to other major destination markets.--			
Japan	8.8	8.6	8.8
Mexico	4.0	4.1	4.2
Russia	2.8	3.5	3.9
Canada	3.2	2.7	3.2
Germany	2.7	3.1	3.1
Thailand	2.6	2.8	2.9
Australia	2.2	2.3	2.4
United Kingdom	2.1	2.2	2.3
All other destination markets	35.0	33.4	31.5
Total exports from China	100.0	100.0	100.0

Source: Official exports statistics under HS subheadings 8708.70 and 8716.90 as reported by China Customs in the IHS/GTA database, accessed April 24, 2018.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-6 presents data on U.S. importers' reported inventories of steel wheels. Inventories of steel wheels from China decreased by 1.8 percent from 2015 to 2017.

Table VII-6
Steel wheels: U.S. importers' end-of-period inventories of imports by source, 2015-17

Item	Calendar year		
	2015	2016	2017
	Inventories (wheels); Ratios (percent)		
Imports from China			
Inventories	151,579	116,137	148,873
Ratio to U.S. imports	18.4	15.7	16.3
Ratio to U.S. shipments of imports	19.3	15.2	17.3
Ratio to total shipments of imports	19.1	15.0	16.9
Imports from Canada:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from Mexico:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from nonsubject sources:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from all import sources:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of steel wheels from China after December 31, 2017. These data are reported in table VII-7.

Table VII-7
Steel wheels: Arranged imports, January 2018 through December 2018

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, there have not been any antidumping or countervailing duty investigations outside the United States on the subject steel wheels.[9] There are, however, actions on related products. In February 2018, India initiated a sunset review of its antidumping duty order on certain steel wheels with a diameter of 16–20 inches for use with tubed tires in commercial vehicles from China.[10] Argentina, Australia, and India have existing antidumping or countervailing duty orders on certain aluminum alloy wheels.[11]

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[9] Reponses to U.S. importers' questionnaire, section I-9. WTO search, http://i-tip.wto.org/goods/Forms/TableView.aspx?mode=modify&action=search, retrieved April 20, 2018.

[10] Directorate General of Anti-Dumping And Allied Duties, Department Of Commerce ,Government of India, "Flat Base Steel Wheels originating in or exported from China PR," Case No. : 14/8/2005-DGAD, http://www.dgtr.gov.in/anti-,dumping-cases/flat-base-steel-wheels-originating-or-exported-china-pr, retrieved April 20, 2018.

[11] Argentina announced an antidumping duty order on aluminum alloy wheel hubs having a diameter of 14 inches to 18 inches in January 2018. Asian Metal, "Argentina Makes Final Anti-Dumping Decision on Aluminum Alloy Wheel Hub from China," January 10, 2018, http://www.asianmetal.com/news/data/1396162/Argentina%20makes%20final%20anti-dumping%20decision%20on%20aluminum%20alloy%20wheel%20hub%20from%20China, retrieved April 25, 2018.

Australia has existing antidumping and countervailing duty orders on aluminum wheels for passenger motor vehicles in diameters ranging from 13 inches to 22 inches. Anti-Dumping Commission, Government of Australia, "Anti-Dumping Notice No. 2018/38, Aluminum Road Wheels Exported to Australia from the People's Republic of China, Initiation of a Revocation Review," March 2, 2018, http://www.adcommission.gov.au/cases/Pages/CurrentCases/EPR-464.aspx, retrieved April 25, 2018.

India has antidumping duty orders on imports of cast aluminum alloy wheels or alloy road wheels used in motor vehicles, whether or not attached with their accessories, of a size in diameters ranging from 12 inches to 24 inches, from China, Korea, and Thailand. Directorate General of Anti-Dumping And Allied Duties, Department Of Commerce ,Government of India, "Cast Aluminum Alloy Wheels or Alloy Road Wheels used in Motor Vehicles whether or not attached," undated, http://www.dgtr.gov.in/anti-dumping-cases/cast-aluminum-alloy-wheels-or-alloy-road-wheels-used-motor-vehicles-whether-or, retrieved April 25, 2018.

INFORMATION ON NONSUBJECT COUNTRIES

The largest nonsubject U.S. import sources are Canada and Mexico. Other import sources include India and Turkey.

Canada and Mexico

In Canada, the only known producer of steel wheels is Accuride's London (Canada) Operations, in London, Ontario. Accuride's ***.[12]

In Mexico, there are only two known producers of subject steel wheels, which are Accuride's Monterrey (Mexico) operations in Cienega de Flores, Nuevo Leon, and Maxion's Maxion Wheels de Mexico S. de R.L. de C.V. operations in San Luis Potosí.[13]

Table VII-8 shows Canadian, Mexican, and U.S. capacity, production, and shipments data for 2015–17.[14] Canadian production is *** while Mexican production accounted for approximately *** of North American production of subject steel wheels during 2015–17. Data on Mexico's apparent consumption of subject steel wheels are not readily available, however, ***. Mexico is a significant producer of heavy duty trucks and trailers and therefore Mexican demand for subject steel wheels is strong.[15]

Table VII-8
Steel wheels: U.S. producers' Canadian, Mexican, and U.S. production and shipments, 2015-17

* * * * * * *

Exports from Canada of road wheels, road parts, and trailer and semi-trailer parts, a broader category of merchandise than the subject steel wheels, were principally to the United States, followed by exports to China and the United Kingdom (table VII-9).

[12] Petitioners' postconference brief, staff answers #13 and ***.

[13] Petitioners and respondents did not mention any other producers of subject steel wheels in Mexico during the Commission's conference for these investigations.

[14] ***.

[15] Respondent Jingu's postconference brief, pp. 13–14.

Table VII-9
Road wheels, road parts, and trailer and semi-trailer parts: Exports from Canada, by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
Exports from Canada to the United States	314,755,653	297,667,665	319,449,821
Exports from Canada to China	15,776,697	15,825,973	18,201,498
Exports from Canada to other major destination markets.--			
United Kingdom	12,506,431	12,911,259	13,634,836
Japan	7,641,892	8,095,360	9,109,558
Mexico	5,188,915	5,771,362	6,054,414
South Korea	3,145,086	3,307,504	4,085,821
India	3,359,480	3,004,103	3,283,708
Germany	2,823,499	3,070,892	3,188,635
Belgium	2,458,527	2,422,753	2,713,870
France	2,440,849	2,568,875	2,624,870
Netherlands	2,787,934	2,145,849	2,415,226
Italy	1,766,542	1,750,383	1,768,202
All other destination markets	35,425,866	31,707,640	34,603,638
Total global exports	410,077,371	390,249,619	421,134,097
	Share of value (percent)		
Exports from Canada to the United States	76.8	76.3	75.9
Exports from Canada to China	3.8	4.1	4.3
Exports from Canada to other major destination markets.--			
United Kingdom	3.0	3.3	3.2
Japan	1.9	2.1	2.2
Mexico	1.3	1.5	1.4
South Korea	0.8	0.8	1.0
India	0.8	0.8	0.8
Germany	0.7	0.8	0.8
Belgium	0.6	0.6	0.6
France	0.6	0.7	0.6
Netherlands	0.7	0.5	0.6
Italy	0.4	0.4	0.4
All other destination markets	8.6	8.1	8.2
Total global exports	100.0	100.0	100.0

Note.--Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Data pull at the six digit level contains in scope and out of scope merchandise.

Source: Official exports statistics under HS subheading 8708.70 and 8716.90 as reported by Canada in the IHS/GTA database, accessed April 24, 2018.

Similarly, exports from Mexico of road wheels, road parts, and trailer and semi-trailer parts to the U.S. accounted for 85.6 percent of its exports of all its road wheels, road parts, and trailer and semi-trailer parts were principally to the United States (table VII-10).

Table VII-10
Road wheels, road parts, and trailer and semi-trailer parts: Exports from Mexico, by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Quantity (units)		
Exports from Mexico to the United States	24,504,919	25,543,356	22,237,677
Exports from Mexico to other major destination markets.--			
Brazil	1,081,597	897,248	1,380,613
Canada	414,286	730,800	747,084
Ecuador	67,498	191,526	480,934
Germany	95,278	160,354	134,606
Italy	6,545	73,762	106,262
Guatemala	72,630	65,078	81,848
Australia	54,739	135,970	77,541
Peru	95,986	69,473	76,920
All other destination markets	880,245	1,286,271	663,426
Total Mexico exports	27,273,723	29,153,838	25,986,911
	Value (1,000 dollars)		
Exports from Mexico to the United States	1,011,631	1,038,195	978,405
Exports from Mexico to other major destination markets.--			
Brazil	33,360	25,263	48,834
Canada	10,981	28,592	34,947
Ecuador	499	641	1,027
Germany	5,055	9,173	9,566
Italy	478	4,003	5,397
Guatemala	1,161	1,302	1,108
Australia	132	291	2,191
Peru	1,004	885	568
All other destination markets	31,378	37,421	31,470
Total Mexico exports	1,095,678	1,145,766	1,113,514

Table continued on next page.

Table VII-10 -- Continued
Road wheels, road parts, and trailer and semi-trailer parts: Exports from Mexico, by destination market, 2015-17

Destination market	Calendar year		
	2015	2016	2017
	Unit value (dollars per unit)		
Exports from Mexico to the United States	41.28	40.64	44.00
Exports from Mexico to other major destination markets.--			
Brazil	30.84	28.16	35.37
Canada	26.51	39.12	46.78
Ecuador	7.39	3.35	2.14
Germany	53.06	57.20	71.07
Italy	73.02	54.27	50.79
Guatemala	15.98	20.01	13.54
Australia	2.40	2.14	28.26
Peru	10.46	12.74	7.38
All other destination markets	35.65	29.09	47.44
Total Mexico exports	40.17	39.30	42.85
	Share of quantity (percent)		
Exports from Mexico to the United States	89.8	87.6	85.6
Exports from Mexico to other major destination markets.--			
Brazil	4.0	3.1	5.3
Canada	1.5	2.5	2.9
Ecuador	0.2	0.7	1.9
Germany	0.3	0.6	0.5
Italy	0.0	0.3	0.4
Guatemala	0.3	0.2	0.3
Australia	0.2	0.5	0.3
Peru	0.4	0.2	0.3
All other destination markets	3.2	4.4	2.6
Total Mexico exports	100.0	100.0	100.0

Note.--Shares shown as "0.0" represent values greater than zero, but less than "0.05" percent. Data pull at the six digit level contains in scope and out of scope merchandise.

Source: Official exports statistics under HS subheading 8716.90 and 8708.70 as reported by INEGI in the IHS/GTA database, accessed April 24, 2018.

Global exports

According to Global Trade Atlas, China was the world's leading exporter of road wheels, road parts, and trailer and semi-trailer parts. China's exports of these products to all countries increased from $5.3 billion in 2015 to $5.9 billion in 2017, and accounted for 30.2 percent of global exports in 2015 and 30.4 percent in 2017. Petitioners identified 30 or more producers of steel wheels in China, however respondent Jingu believes that no more than nine Chinese producers capable of producing subject steel wheels and only three companies are capable of producing lightweight steel wheels.[16]

Petitioners have a wide presence in foreign markets, aside from Canada and Mexico. [17] Maxion operates facilities in Brazil (Iochpe-Maxion S.A.—Maxion's parent company), China (Maxion Nantong Wheels Co. Ltd.), Germany (Maxion Wheels Werke), Turkey (Maxion Jantas Jant Sanayi Ve Ticaret A.S.), and India (Kalyani Maxion Wheels Provate Limited). Accuride has facilities in Italy (Gianetti Route S.r.l.).

[16] Respondent Jingu's postconference brief, answer to staff question #1 and exh. 24.

[17] Respondent Jingu's postconference brief, p. 15.

Table VII-11
Road wheels, road parts, and trailer and semi-trailer parts: Global exports by exporter, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	2,297,439	2,045,237	2,184,914
China	6,725,901	6,545,168	7,296,818
All other major reporting exporters.-- Germany	3,709,459	3,806,582	4,290,131
Poland	981,000	1,021,610	1,256,599
Italy	947,815	996,282	1,120,006
Mexico	1,095,678	1,145,766	1,113,514
France	829,248	872,393	918,385
Hungary	609,020	639,341	718,490
Turkey	685,908	658,346	718,150
Czech Republic	609,726	630,576	706,971
Netherlands	420,716	446,093	626,347
Belgium	475,037	500,564	596,629
All other exporters	5,009,722	5,101,144	5,495,034
Total global exports	24,396,669	24,409,102	27,041,989
	Share of value (percent)		
United States	9.4	8.4	8.1
China	27.6	26.8	27.0
All other major reporting exporters.-- Germany	15.2	15.6	15.9
Poland	4.0	4.2	4.6
Italy	3.9	4.1	4.1
Mexico	4.5	4.7	4.1
France	3.4	3.6	3.4
Hungary	2.5	2.6	2.7
Turkey	2.8	2.7	2.7
Czech Republic	2.5	2.6	2.6
Netherlands	1.7	1.8	2.3
Belgium	1.9	2.1	2.2
All other exporters	20.5	20.9	20.3
Total global exports	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Data pull at the six digit level contains in scope and out of scope merchandise.

Source: Official exports statistics under HS subheading 8708.70 and 8716.90 as reported by various national statistical authorities in the IHS/GTA database, accessed April 24, 2018.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
83 FR 14295 March 27, 2018	*Steel Wheels From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-03/pdf/2018-06688.pdf
83 FR 17798 April 24, 2018	*Certain Steel Wheels From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-24/pdf/2018-08467.pdf
83 FR 17794 April 24, 2018	*Certain Steel Wheels From the People's Republic: Initiation of Countervailing Duty Investigation*	https://www.gpo.gov/fdsys/pkg/FR-2018-04-24/pdf/2018-08469.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Steel Wheels from China

Inv. Nos.: 701-TA-602 and 731-TA-1412 (Preliminary)

Date and Time: April 17, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Terence P. Stewart**, Stewart and Stewart)
In Opposition to Imposition (**Jay Campbell**, White & Case LLP)

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

Stewart and Stewart
Washington, DC
on behalf of

Accuride Corporation
Maxion Wheels Akron LLC

Gregory A. Risch, President, Accuride Wheels North America

Chad Monroe, Senior Vice President Sales & Marketing and Business Development, Accuride Corporation

Craig Kessler, Vice President of Engineering, Accuride Corporation

Cemal Aydogan, North America Operations Director, Maxion Wheels

Matthew Kominars, Sales Director - North America, Maxion Wheels

Terence P. Stewart)
Nicholas J. Birch)
) – OF COUNSEL
Mark D. Beatty)
Stephanie T. Rosenberg)

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

Grunfeld, Desiderio, Lebowitz, Siverman & Klestadt LLP
Washington, DC
on behalf of

Trans Texas Tire

Amanda Walker, Executive Vice President, Trans Texas Tire

Max F. Schutzman)
Jordan C. Kahn) – OF COUNSEL
Neil S. Helfand)

White & Case LLP
Washington, DC
on behalf of

Zhejiang Jingu, Co. Ltd.
Zhejiang, China

Jiayan Jin, Chief Executive Officer, Steel Wheel,
Zhejiang Jingu Co., Ltd.

David Saylor, Technical Director, Zhejiang Jingu Co., Ltd

Tom Cunningham, President, The Cunningham Company

Jay Campbell)
Keir Whitson) – OF COUNSEL
Allison Kepkay)

Steptoe & Johnson LLP
Washington, DC
on behalf of

Xiamen Sunrise Wheel Group Co. Ltd. ("Sunrise")

Thomas J. Trendl)
Eric C. Emerson) – OF COUNSEL
Claire M. Blakey)

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Terence P. Stewart**, Stewart and Stewart)
In Opposition to Imposition (**Eric C. Emerson**, Steptoe & Johnson LLP)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Steel wheels: Summary data concerning the U.S. market, 2015-17
(Quantity=wheels; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per wheel; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***
Importers' share (fn1):						
China	***	***	***	***	***	***
Canada	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***
Importers' share (fn1):						
China	***	***	***	***	***	***
Canada	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
All import sources	***	***	***	***	***	***
U.S. shipments of imports from:						
China:						
Quantity	784,679	762,809	861,662	9.8	(2.8)	13.0
Value	37,025	32,575	37,674	1.8	(12.0)	15.7
Unit value	$47.18	$42.70	$43.72	(7.3)	(9.5)	2.4
Ending inventory quantity	151,579	116,137	148,873	(1.8)	(23.4)	28.2
Canada:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Mexico:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	174,274	181,938	172,317	(1.1)	4.4	(5.3)
Value	13,304	13,067	13,766	3.5	(1.8)	5.3
Unit value	$76.34	$71.82	$79.89	4.6	(5.9)	11.2
Ending inventory quantity	***	***	***	***	***	***
All import sources:						
Quantity	958,953	944,747	1,033,979	7.8	(1.5)	9.4
Value	50,329	45,642	51,440	2.2	(9.3)	12.7
Unit value	$52.48	$48.31	$49.75	(5.2)	(7.9)	3.0
Ending inventory quantity	***	***	***	***	***	***

Table continued on next page.

Table C-1
Steel wheels: Summary data concerning the U.S. market, 2015-17
(Quantity=wheels; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per wheel; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year				Calendar year	
	2015	2016	2017	2015-17	2015-16	2016-17
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***	***
Productivity (wheels per hour)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Two importers (***) reported useable price data for Mexico for products 1-4. Price data reported by these firms accounted for 90 percent of U.S. commercial shipments from Mexico. No price data were reported for Canada ***.[1] These price items and accompanying data are comparable to those presented in tables V-3 to V-6. Price and quantity data for Mexico are shown in tables D-1 to D-4 and in figures D-1 to D-4 (with domestic and subject sources).

In comparing Mexican pricing data with U.S. producer pricing data, prices for product imported from Mexico were lower than prices for U.S.-produced product in 13 instances and higher in 13 instances. In comparing Mexican pricing data with China pricing data, prices for product imported from Mexico were higher than prices for product imported from China in all 26 instances. A summary of price differentials is presented in table D-5.

Table D-1
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 1, by quarters, January 2015-December 2017

* * * * * * *

Table D-2
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 2, by quarters, January 2015-December 2017

* * * * * * *

Table D-3
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 3, by quarters, January 2015-December 2017

* * * * * * *

Table D-4
Steel wheels: Weighted-average f.o.b. prices and quantities of imported product 4, by quarters, January 2015-December 2017

* * * * * * *

Figure D-1
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2015-December 2017

* * * * * * *

[1] ***.

Figure D-2
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2015-December 2017

* * * * * * *

Figure D-3
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2015-December 2017

* * * * * * *

Figure D-4
Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by quarters, January 2015-December 2017

* * * * * * *

Table D-5
Steel wheels: Summary of underselling/(overselling), by country, January 2015-December 2017

* * * * * * *

APPENDIX E

PRODUCT COMPARISON AND NARRATIVES

Table E-1
Steel wheels: Characteristics of steel wheels vs. heavy duty aluminum wheels

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Table E-2
Steel wheels: U.S. producers' narrative characteristics of steel wheels vs. heavy duty aluminum wheels

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Table E-3
Steel wheels: U.S. importers narrative characteristics of steel wheels vs heavy duty aluminum

* * * * * * *

Table E-4
Steel wheels: Characteristics of steel wheels vs. heavy duty wheels for tube-type tires

* * * * * * *

Table E-5
Steel wheels: U.S. producers' narrative characteristics of steel wheels vs. heavy duty wheels for tube-type tires

* * * * * * *

Table E-6
Steel wheels: U.S. importers' narrative characteristics of steel wheels vs. heavy duty wheels for tube-type tires

* * * * * * *