



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China

- On November 24, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of certain passenger vehicle and light truck tires from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated a preliminary subsidy rate of 17.69 percent for GITI Tire (Fujian) Co., Ltd., 12.50 percent for Cooper Kunshan Tire Co., Ltd., and 81.29 percent for Shandong Yongsheng Rubber Group Co., Ltd. All other producers/exporters in China have been assigned a preliminary subsidy rate of 15.69 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- Based on allegations filed in this case, Commerce found that critical circumstances exist for Shandong Yongsheng Rubber Group Co., Ltd. and all other producers/exporters in China. Where critical circumstances were found, CBP will be instructed to impose provisional measures retroactively on entries of certain passenger vehicle and light truck tires up to 90 days prior to publication of the preliminary determination Federal Register notice.
- The petitioner for this investigation is the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO-CLC (PA).
- The products covered by the investigation are passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this investigation may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.
- Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

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

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

Suffix letter designations:

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

- All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.
- In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the *Tire and Rim Association Year Book*, as updated annually, unless the tire falls within one of the specific exclusions set out below.
- Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.
- Specifically excluded from the scope of this investigation are the following types of tires:
 - (1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;
 - (2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the *Tire and Rim Association Year Book*;
 - (3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
 - (4) non-pneumatic tires, such as solid rubber tires;
 - (5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:
 - (a) the size designation and load index combination molded on the tire’s sidewall are listed in Table PCT-1B (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) of the *Tire and Rim Association Year Book*,
 - (b) the designation “T” is molded into the tire’s sidewall as part of the size designation, and,
 - (c) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by *Tire and Rim Association Year Book*, and the rated speed is 81 MPH or a “M” rating;
 - (6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following physical characteristics:
 - (a) the size designation molded on the tire’s sidewall is listed in the ST sections of the *Tire and Rim Association Year Book*,
 - (b) the designation “ST” is molded into the tire’s sidewall as part of the size designation,
 - (c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is “For Trailer Service Only” or “For Trailer Use Only”,
 - (d) the load index molded on the tire’s sidewall meets or exceeds those load indexes listed in the *Tire and Rim Association Year Book* for the relevant ST tire size, and
 - (e) the tire’s speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by TRA, and the rated speed does not exceed 81 MPH or an “M” rating;

(7) tires designed and marketed exclusively for off-road use and which, in addition, exhibit each of the following physical characteristics:

- (a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the *Tire and Rim Association Year Book*,
- (b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",
- (c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the *Tire and Rim Association Year Book*, and the rated speed does not exceed 55 MPH or a "G" rating, and
- (d) the tire features a recognizable off-road tread design.

- The products covered by the investigation are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.
- In 2013, imports of certain passenger vehicle and light truck tires from China were valued at an estimated \$2.1 billion.

NEXT STEPS

- Commerce is scheduled to announce its final determination in this investigation on or about April 6, 2015, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of certain passenger vehicle and light truck tires from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce or the ITC final determinations are negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	GITI Tire (Fujian) Co., Ltd.	17.69%
	Cooper Kunshan Tire Co., Ltd.	12.50%
	Shandong Yongsheng Rubber Group Co., Ltd.	81.29%
	China-Wide Rate	15.69%

CASE CALENDAR:

EVENT	DATE
Petition Filed	June 3, 2014
DOC Initiation Date	July 14, 2014[†]
ITC Preliminary Determination	August 1, 2014
DOC Preliminary Determination	November 21, 2014
DOC Final Determination	April 6, 2015
ITC Final Determination	May 21, 2015*
Issuance of Order	May 28, 2015**

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

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

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

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

IMPORT STATISTICS:

CHINA	2011	2012	2013
Volume (number of tires)	24,565,000	31,479,000	50,847,000
Value (USD)	968,184,000	1,265,918,000	2,078,271,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4011.10.1010, 4011.10.1020, 4011.10.1030, 4011.10.1040, 4011.10.1050, 4011.10.1060, 4011.10.1070, 4011.10.5000, 4011.20.1005, and 4011.20.5010.) Imports of certain passenger vehicle and light truck tires may also enter under HTSUS subheadings 4011.99.4500, 4011.99.8500, 8708.70.4545, 8708.70.4560, 8708.70.6030, 8708.70.6045, and 8708.70.6060, which may cover significant amounts of non-subject merchandise. Therefore, these additional HTSUS subheadings have not been used for purposes of reporting import statistics.