

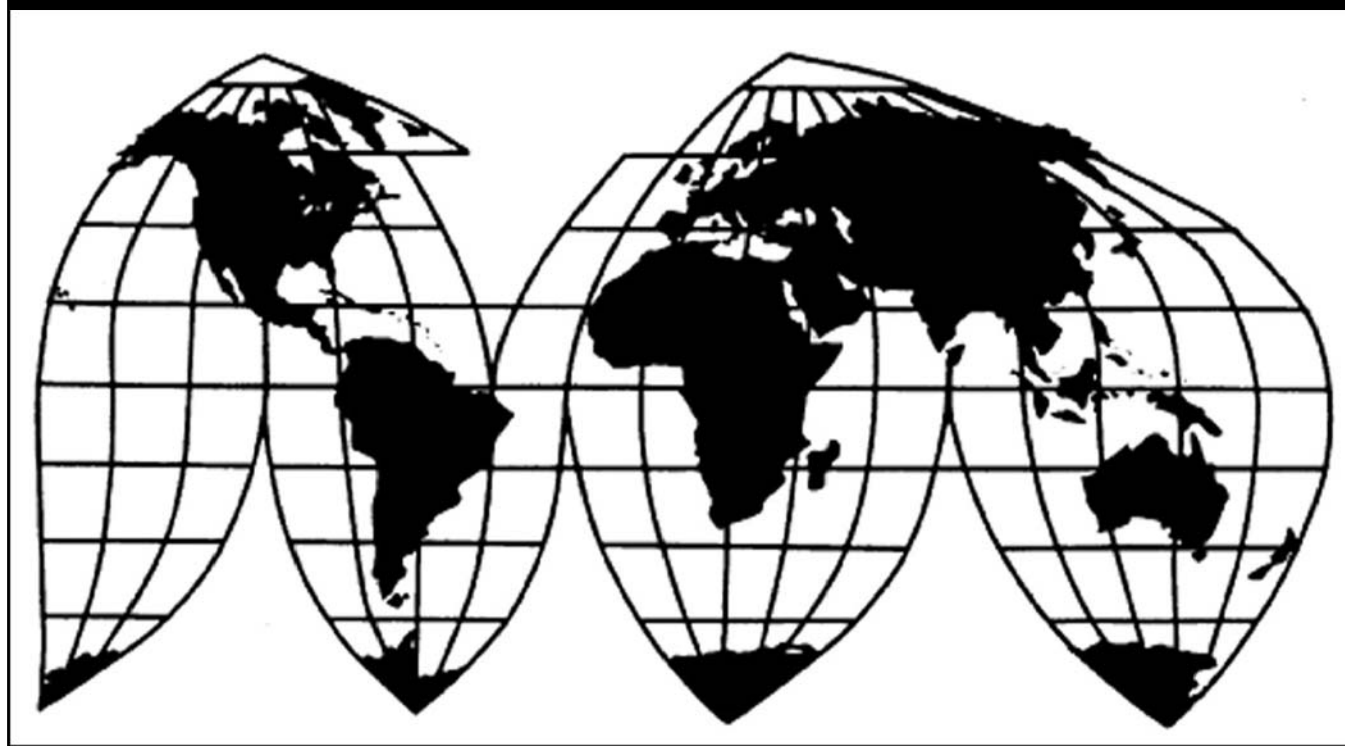
Brake Rotors from China

Investigation No. 731-TA-744 (Second Review)

Publication 4009

June 2008

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-744 (Second Review)

BRAKE ROTORS FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on brake rotors from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on July 2, 2007 (72 F.R. 36037) and determined on October 5, 2007 that it would conduct a full review (72 F.R. 59111, October 18, 2007). Notice of the scheduling of the Commission's review and of a public hearing 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* on November 27, 2007 (72 F.R. 66187). The hearing was held in Washington, DC, on April 15, 2008, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (the “Act”), that revocation of the antidumping duty order on aftermarket brake rotors from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

A. The Original Investigation

On March 7, 1996, a petition was filed by the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers (“Coalition”)¹ alleging that industries in the United States were being materially injured or threatened with material injury by reason of less than fair value imports of certain brake drums and rotors from China.² In the original investigation, there were eight domestic producers of finished aftermarket brake rotors comprising the domestic industry: Airtex; Brake Parts, Inc. (“Brake Parts”); Excel; Iroquois Tool Systems, Inc. (“Iroquois”); ITT Automotive, Inc. (“ITT Automotive”);³ Kinetic Parts Manufacturing, Inc. (“Kinetic”); Overseas Auto Parts, Inc. (“Overseas”); and Wagner Brake Corp. (“Wagner”).⁴ The Commission excluded a ninth firm, AlliedSignal Automotive (“AlliedSignal”), from the definition of the domestic industry, because its primary interest was in the importation of the subject brake rotors.⁵ In April 1997, the Commission found that a domestic industry was materially injured by imports of aftermarket brake rotors from China that the U.S. Department of Commerce (“Commerce”) found to be sold at less than fair value.⁶ Commerce issued an antidumping duty order on aftermarket brake rotors from China on April 17, 1997.⁷

B. The First Five-Year Review

On March 1, 2002, the Commission instituted its first (expedited) review of the antidumping duty order on aftermarket brake rotors from China.⁸ In July of 2002, the Commission found that revocation of the antidumping duty order was likely to lead to continuation or recurrence of material injury to the

¹ The members of the Coalition were Brake Parts, Inc.; Iroquois Tool Systems, Inc.; Kinetic Parts Manufacturing, Inc.; and Wagner Brake Corp.

² Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Preliminary), USITC Pub. 2957 (April 1996) (“Original Preliminary Investigation”) at 1.

³ ITT Automotive, which accounted for *** percent of total 1995 reported U.S. production of aftermarket brake rotors, *** in the original investigation.

⁴ Original Preliminary Investigation, Staff Report at III-1.

⁵ Original Preliminary Investigation at 11.

⁶ Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 (April 1997) (“Original Investigation”) at 1.

⁷ Notice of Antidumping Duty Order: Brake Rotors from the People’s Republic of China, 62 Fed. Reg. 18740. In the original investigation, the Commission determined that there were two domestic like products – brake drums and brake rotors. The Commission made a negative injury determination on brake drums that was affirmed on appeal. See The Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers v. United States, 22 CIT 520 (June 17, 1998). Accordingly, the antidumping duty order was issued on aftermarket brake rotors only.

⁸ Brake Rotors from China, 67 Fed. Reg. 9462.

domestic aftermarket brake rotor industry.⁹ Commerce issued its notice continuing the antidumping duty order on aftermarket brake rotors from China on August 14, 2002.¹⁰

C. Related Investigation

Following receipt of a petition, as amended, on June 6, 2003, on behalf of the Coalition,¹¹ the Commission instituted an investigation of Certain Brake Drums and Rotors from China, under section 421(b) of the Trade Act of 1974.¹² The Commission completed its section 421 investigation in August 2003, finding that certain (aftermarket) brake drums and certain (aftermarket) brake rotors¹³ from China were not being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products.¹⁴ The Commission found that aftermarket brake drums and aftermarket brake rotors were two distinct like or directly competitive products and that there were two separate domestic industries consisting of the U.S. producers of aftermarket brake drums and the U.S. producers of aftermarket brake rotors.¹⁵

D. The Second Five-Year Review

On July 2, 2007, the Commission instituted this review pursuant to section 751(c) of the Act to determine whether the revocation of the antidumping duty order on imports of aftermarket brake rotors from China would be likely to lead to a continuation or recurrence of material injury.¹⁶ The Commission received a response to the notice of institution from the Coalition, an unincorporated association then consisting of two domestic producers of aftermarket brake rotors, Affinia Group, Inc. (“Affinia”) and Federal-Mogul, Inc. (“Federal-Mogul”), including individually adequate responses from the two domestic producers.¹⁷ These two U.S. producers claimed to have accounted for all U.S. production of aftermarket

⁹ Brake Rotors from China, Inv. No. 731-TA-744 (Review), USITC Pub. 3528 (July 2002) (“First Five-Year Review”).

¹⁰ 67 Fed. Reg. 52933.

¹¹ The membership of the Coalition at that time consisted of Dana Corp., Brake and Chassis Division; Federal-Mogul Corp.; and Waupaca Foundry, Inc.

¹² 68 Fed. Reg. 35702 (June 16, 2003); 19 U.S.C. § 2451(b).

¹³ The scope definition of aftermarket brake rotors examined in the section 421 investigation is the same as the scope in the current review.

¹⁴ 68 Fed. Reg. 48938 (August 15, 2003).

¹⁵ The Commission found that domestic original equipment manufacturer (“OEM”) brake drums and rotors were not like or directly competitive with the imported subject Chinese product and that there was a clear dividing line between OEM brake drums and rotors and aftermarket brake drums and rotors. OEM brake drums and rotors were not included in the scope of the investigation, and there were no known imports of the OEM product from China during the period examined in the section 421 investigation. Certain Brake Drums and Rotors From China, USITC Publication 3622 (August 2003) at 7-14; and Brake Rotors From China, USITC Publication 3528 (July 2002) at 4-6. The Chinese respondents in this current review indicated that the facts concerning OEM and aftermarket brake rotors remain the same today. Chinese Respondents Group Posthearing Brief at Q-6 - Q-7.

¹⁶ 72 Fed. Reg. 36037.

¹⁷ Since the institution, Federal-Mogul has closed its last remaining U.S. aftermarket brake rotor production facility, has left the Coalition, and now opposes the continued imposition of the order. Consequently, Affinia is the only party remaining in the “Coalition.”

brake rotors in 2006.¹⁸ The Commission also received one adequate interested party group response from 12 Chinese producers/exporters, as well as from three U.S. importers of aftermarket brake rotors from China.¹⁹

On October 5, 2007, the Commission determined to conduct a full review.²⁰ The Commission determined that both the domestic interested party group response and the respondent interested party group response to the Commission's notice of institution were adequate.²¹

E. Parties to the Proceeding

The Commission received prehearing briefs from Federal-Mogul and a Chinese Respondents Group, representing 18 firms that are either Chinese brake rotor producers/exporters or U.S. importers/purchasers of subject rotors.²² Representatives of Federal-Mogul and the Chinese Respondents Group appeared at the Commission's hearing. Affinia did not file a prehearing brief or appear at the Commission's hearing.²³ The Commission received posthearing briefs from Affinia, Federal-Mogul, and the Chinese Respondents Group, and it received final comments from Federal-Mogul and the Chinese Respondents Group.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In its expedited five-year review determination, Commerce defined the scope of the subject merchandise as:

. . . brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and

¹⁸ Coalition Response to Notice of Institution at 26.

¹⁹ CR/PR at I-1; Explanation of Commission's Determination on Adequacy.

²⁰ 72 Fed. Reg. 59111 (October 18, 2007).

²¹ Explanation of Commission's Determination on Adequacy.

²² The Chinese Respondents Group is comprised of Qingdao Mieta Automotive Industry Co., Ltd.; Longkou Jinzheng Machinery Co., Ltd.; Longkou Haimeng Machinery Co., Ltd.; Longkou TLC Machinery Co., Ltd.; Laizhou Hongda Auto Replacement Parts Co., Ltd.; World Known Precision Industry (Fuzhou) Co., Ltd.; Shandong Huanri Group Co., Ltd.; Shanxi Zhongding Auto Parts Co., Ltd.; Laihou Wally Automobile Co., Ltd.; Laizhou City Luqi Machinery Co., Ltd.; Yantai Winhere Auto-Part Manufacturing Co., Ltd.; Qingdao Gren (Group) Co.; CWD, LLC dba Centric Parts; Gren Automotive, Inc.; IAP West, Inc.; Qualis Automotive LLC; Zhongqiao USA International Corp. dba Best Brakes; and Ziway, Inc.

²³ Federal-Mogul and the Chinese Respondents Group have requested that the Commission take an adverse inference with respect to Affinia's failure to submit a prehearing brief or to attend the Commission's hearing in this review, arguing that Affinia has failed to cooperate to the best of its ability. Federal-Mogul Prehearing Brief at 18-24; Chinese Respondents Group Posthearing Brief at Q-2 to Q-7. The statute, however, provides that adverse inferences may only be taken when there is a lack of cooperation with a request for information. 19 U.S.C. § 1677e(b). The statute does not authorize the Commission to take an adverse inference where, for example, an interested party chooses not to avail itself of opportunities to present arguments to the Commission through the submission of case briefs or through argument at a public hearing but, nevertheless, responds to the Commission's questionnaires and cooperates with requests for data. Accordingly, we decline to take adverse inferences with respect to Affinia's failure to submit a prehearing brief or to appear at the Commission's hearing in this review.

dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans and recreational vehicles under “one ton and a half,” and light trucks designated as “one ton and a half.”

Finished brake rotors are those that are ready for sale and installation without any further operations. Semi-finished rotors are those on which the surface is not entirely smooth, and have undergone some drilling. Unfinished rotors are those which have undergone some grinding or turning.

These brake rotors are for motor vehicles, and do not contain in the casting a logo of an original equipment manufacturer (“OEM”) which produces vehicles sold in the United States. (*e.g.*, General Motors, Ford, Chrysler, Honda, Toyota, Volvo). Brake rotors covered in this order are not certified by OEM producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron, which contain a steel plate, but otherwise meet the above criteria. Excluded from the scope of this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less than 8 pounds or greater than 45 pounds (less than 3.63 kilograms or greater than 20.41 kilograms).²⁴

Aftermarket brake rotors are used in automobiles as replacement parts. Brake rotors are part of disc brake assemblies, commonly used on front-wheel-drive vehicles, in which braking action is created by a hydraulic caliper that presses two brake pads against a rotating disk, or rotor, that is attached to the wheel hub.²⁵ The braking unit is not enclosed, allowing disc brakes to transfer efficiently the heat generated by braking action. Efficient heat transfer is an important quality in front-wheel-drive vehicles, since more of the vehicle’s weight is concentrated in its front end, thus requiring more braking force to be applied to the front wheel brake assemblies. The increased number of front-wheel-drive motor vehicles on the road in the United States has contributed to greater demand for rotors, as has a design shift to a disc braking system using four, rather than two, brake rotors.²⁶

Brake rotors are generally produced from gray iron,²⁷ which has high wear resistance, excellent machinability, a relatively high coefficient of friction, and vibration absorption. This metal is also easily cast into rather complex shapes at a relatively low cost. After the raw casting is formed, the article undergoes machining, such as grinding and drilling, to reach the finished product. Unfinished brake rotors have undergone some grinding or turning, but are not functional as brake system products. Semifinished brake rotors have also undergone initial grinding and have been drilled or pierced. Such

²⁴ Brake Rotors from the People’s Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order, 73 Fed. Reg. 1319 (January 8, 2008). Commerce noted that the subject merchandise is classifiable currently under items 8708.39.5010, 8708.39.5030, and 8708.30.5030 of the Harmonized Tariff Schedule of the United States. *Id.* Commerce also noted that brake rotors produced by Federal-Mogul and certified by the Ford Motor Company were excluded from the scope of the order. *Id.* at n.2.

²⁵ CR at I-21, PR at I-19.

²⁶ Staff Report, INV-U-020 (March 18, 1997), citing Hearing Transcript at 131.

²⁷ Brake rotors can be and have been manufactured from aluminum. The advantage of an aluminum brake rotor is in its light weight. CR at I-21, PR at I-19.

parts still require additional finish grinding and boring to be considered serviceable.²⁸ Finished brake rotors are ready for installation and meet fit and function criteria. Brake rotors also may be manufactured from aluminum because of this material's light weight.²⁹

In the original investigation, the Commission examined (1) whether brake rotors and brake drums were distinct domestic like products and (2) whether the domestic like product(s) should be limited to aftermarket (i.e., non-OEM) products or should encompass OEM products as well. The Commission determined that brake rotors and brake drums were separate domestic like products. The Commission also determined that OEM rotors and drums and aftermarket rotors and drums, although physically similar, were different products made by different manufacturers for different markets. The Commission therefore found two domestic like products consisting of aftermarket brake rotors and aftermarket brake drums.³⁰ The Commission also found that these domestic like products included "unfinished" and "semi-finished" rotors and drums as well as finished rotors and drums.³¹ As previously noted, the Commission made an affirmative determination only with respect to aftermarket brake rotors.³²

In the first five-year review of the antidumping duty order, which only pertained to aftermarket brake rotors, no party requested the Commission to change the like product definition it had adopted in the original investigation, and the Commission indicated that nothing in the record supported departing from the prior definition. Accordingly, the Commission again defined the domestic like product as aftermarket brake rotors, consistent with the scope of the review.³³

The definition of the scope of the current sunset review, as set out above, is unchanged from Commerce's definition in the original investigation and the first five-year review.³⁴ In this review, no interested party has suggested changes to the definition of the domestic like product, nor has the Commission obtained any new information that indicates a need to revisit that definition.³⁵ Accordingly, we define the domestic like product as aftermarket brake rotors, consistent with the scope of the review.³⁶

²⁸ There is no standard industry concept of the terms "unfinished" and "semifinished" brake rotors. These products are not traded in significant quantities and are not suitable for any other use. Original Preliminary Investigation, USITC Pub. 2957, at 9 n.48.

²⁹ CR at I-21, n.45, PR at I-19, n.45.

³⁰ Original Investigation, USITC Pub. 3035 at 4-9.

³¹ Original Investigation, USITC Pub. 3035 at 9 n.43.

³² Original Investigation, USITC Pub. 3035 at 1.

³³ First Five-Year Review, USITC Pub. 3528 at 5.

³⁴ See 66 Fed. Reg. 38544, 38545, 38546, and 38547 (July 24, 1996).

³⁵ CR at I-30, PR at I-24. In the institution phase of the review, the Coalition agreed, in its response to the notice of institution, with the Commission's definition of the domestic like product. Coalition Response to Notice of Institution at 32. The Chinese Respondents Group also agreed that the Commission should not define the domestic like product differently. Chinese Respondents Group Posthearing Brief at Q-7.

³⁶ Both Federal-Mogul and the Chinese Respondents Group argue that it is likely that there would be no domestic production and, hence, no domestic industry in the reasonably foreseeable future because of Affinia's alleged focus on imports and Affinia's reported intent to sell its last remaining U.S. aftermarket brake rotor facility in Waupaca, Wisconsin. Consequently, Federal-Mogul and the Chinese Respondents Group argue, there will be no production of the domestic like product in the reasonably foreseeable future. See e.g., Federal-Mogul Posthearing Brief at 10-18 and Prehearing Brief at Exhibit 1 (Affinia 10-K Report at 24); and Chinese Respondents Group Brief at Q-11. The record demonstrates, however, that Affinia has continued to produce the domestic like product throughout the period of review and ***. E-mail from ***. In addition, Affinia reports that ***. E-mail from ***. Given the evidence on the record, the claim that Affinia will end domestic production of aftermarket brake rotors within a reasonably foreseeable time is speculative and we do not find that it is likely.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Act defines the relevant industry as the “domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.”³⁷

Affinia and Federal-Mogul are the only known domestic producers of aftermarket brake rotors, with Affinia producing throughout the period of review and Federal-Mogul producing until September of 2007.^{38 39} While ThyssenKrupp Waupaca, Inc. (formerly Waupaca Foundry) produces castings for aftermarket brake rotors, the company does not produce aftermarket brake rotors, whether finished, semi-finished, or unfinished.⁴⁰ Several other firms are known to produce small-volume, highly specialized brake rotors for applications such as racing cars, but no evidence in the record establishes that these products are brake rotors for the aftermarket, as we have defined the domestic like product.⁴¹

³⁷ 19 U.S.C. § 1677(4)(A).

³⁸ CR/PR at III-1.

³⁹ In defining the domestic industry, the Commission’s general practice has been to include producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. In assessing the nature and extent of production-related activities in the United States associated with a particular operation, the Commission generally considers six factors:

- (1) source and extent of the firm’s capital investment;
- (2) technical expertise involved in U.S. production activities;
- (3) value added to the product in the United States;
- (4) employment levels;
- (5) quantity and type of parts sourced in the United States; and
- (6) any other costs and activities in the United States directly leading to production of the like product.

No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation or review.

The Chinese Respondents Group argues that Affinia does not have sufficient production-related activities in the United States to still be considered a member of the domestic industry for the purposes of this review, basing its argument on the volume of aftermarket brake rotors produced by Affinia during the first quarter of 2008. Chinese Respondents Group Prehearing Brief at 2-6 and Posthearing Brief at Q-4. Affinia, however, accounted for more than *** percent of the U.S. production of aftermarket brake rotors during the period of review and produced more than *** million rotors in 2007. CR/PR at Table III-1. Moreover, the statute does not set any minimum benchmark on how much domestic consumption must be supplied by a U.S. producer before such a producer may be considered a part of an “industry.” Indeed, the statute contemplates, in certain circumstances, through its material retardation of the establishment of an industry provision, that there may be no current production, yet an industry may be found to exist. Accordingly, we reject the Chinese Respondents Group’s argument on this basis.

⁴⁰ Waupaca, a subsidiary of the Budd Co./Thyssen Krupp Automotive, was an independent foundry that produced raw castings, some of which it sold to *** for finishing. In this review, Waupaca indicated that it does not perform any finishing on the raw castings it produces. Letter from Kris Pfaehler, Vice President of Sales and Marketing, ThyssenKrupp Waupaca, dated April 24, 2008, and telephone interview with ***.

⁴¹ There are several small, low-volume producers of specialty brake rotors in the United States that sell to niche markets, such as the racing industry. These companies include PowerStop, Wilwood, and PPG. Affinia has argued, however, that these firms do not produce brake rotors and are not part of the domestic industry that services the general automobile and light truck aftermarket. Affinia explained that these firms simply purchase imported or domestically produced rotors and perform specialized machining on them. Coalition’s Response to the

(continued...)

In defining the domestic industry, we examine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to the related party provision of the Act, section 771(4)(B). That provision of the statute 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.⁴² Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.⁴³ The purpose of the provision is to exclude domestic producers that substantially benefit from importation of subject merchandise or their relationships with foreign exporters.⁴⁴

1. Affinia

The record does not support the conclusion that Affinia is a related party. Affinia is not the importer of record for imports of subject rotors during the period of review, nor was it related to any Chinese producer or exporter or to any U.S. importer of subject rotors during the period of review.⁴⁵ Although Affinia is ***, accounting for *** percent of total reported subject exports from China in 2007, Affinia made these purchases from *** separate suppliers during the period of review.⁴⁶ There is no record evidence that these purchases account for the predominant proportion of imports by any of these four suppliers, which is the standard used by the Commission to determine whether a purchaser should be deemed a related party.⁴⁷ Finally, Affinia's relationship with *** appears to be limited to nonsubject imports.⁴⁸ Consequently, we find that Affinia is not a "related party" as defined by the statute, notwithstanding Affinia's purported status as a significant distributor/reseller of subject rotors during the

⁴¹ (...continued)

Commission's Notice of Institution at 20-21. The record does not establish that these entities produce brake rotors for the aftermarket and we do not consider them members of the domestic industry.

⁴² 19 U.S.C. § 1677(4)(B).

⁴³ See, e.g., 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). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (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, *i.e.*, whether the firm benefits from the less than fair value sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, *i.e.* whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd mem., 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Invs. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 at 14 n.81 (Feb. 1997).

⁴⁴ See, e.g., USEC, Inc. v. United States, 132 F. Supp.2d 1, 12 (Ct. Int'l Trade 2001).

⁴⁵ Affinia Posthearing Brief at 5.

⁴⁶ CR at III-24, PR at III-7; and Affinia Producer Questionnaire Response at Question II-13.

⁴⁷ CR at I-44 to I-46 & n.137, PR at I-34 to I-35 & n.137. See e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9; Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822 (Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997). See also SAA at 858.

⁴⁸ See Affinia's U.S. Producer Questionnaire Response at Question II-13. Affinia has ***. Affinia reported that it purchases brake rotors from entities related to MAT Holdings, but it reported that all such purchases are on an arms-length basis. Affinia Posthearing Brief at 5.

period of review. Although we do not exclude Affinia, we consider Affinia's *** marketing of the subject merchandise to be a condition of competition affecting this industry.

2. Federal-Mogul

We find that Federal-Mogul is a related party under the statute due to *** during the period of review at the same time it was a domestic producer.⁴⁹ We also find, however, that appropriate circumstances do not exist to warrant excluding Federal-Mogul from the definition of the domestic industry.⁵⁰ Federal-Mogul's *** the company's U.S. production during the period of review, and its ratio of *** to U.S. production increased in each year during the period except for ***.⁵¹ Federal-Mogul claims, however, that ***.⁵² Although Federal-Mogul no longer supports the continuation of the order, Federal-Mogul's financial data suggest that it did not perform appreciably better over the period of review due to ***.⁵³ ⁵⁴ ⁵⁵ Therefore, we find that appropriate circumstances do not exist to exclude Federal-Mogul from the definition of the domestic industry.

⁴⁹ CR/PR at Table III-6.

⁵⁰ The statute requires a determination of whether to exclude related parties from the domestic industry. Federal-Mogul, however, ceased domestic production of aftermarket brake rotors in 2007, and a five-year review pertains to events likely to occur within the reasonably foreseeable future. Accordingly, regardless of whether Federal-Mogul is excluded from the industry on related party grounds, we do not consider it to be a member of the domestic industry for purposes of our forward-looking analysis. Our determination of whether to exclude Federal-Mogul affects only whether the data collected with respect to the domestic industry during the period of review should include data reported by Federal-Mogul.

⁵¹ CR/PR at Table III-6. The ratio of Federal-Mogul's *** to U.S. production increased overall from *** percent in 2002 to *** percent in 2006, and was *** percent in 2007. Federal-Mogul ceased U.S. production in September 2007. CR/PR at Table III-6; and CR at III-3, PR at III-1.

⁵² CR at III-23 to III-24, PR at III-7.

⁵³ CR/PR at Table III-9.

⁵⁴ Consistent with her practice in past investigations and reviews, Vice Chairman Aranoff does not rely on individual-company operating margins in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

In the present review, the ratio of Federal-Mogul's *** to domestic production was consistently greater than *** percent from 2002 to 2006, and was *** greater in 2007. CR/PR at Table III-6. In several past investigations and reviews, the Vice Chairman found that import to production ratios greater than 100 percent indicated that the primary interests of the related party lay in importation rather than domestic production. Here, however, the Vice Chairman notes that Federal-Mogul's *** fell primarily into the economy grade, while its *** concentrated on the premium grade. Given the difference in price between the two grades, the value of Federal-Mogul's shipments of its *** has been *** greater than the value of its subject imports for each year since 2002, with the exception of 2007. Compare CR/PR at Table III-4 (values of shipments of domestic product) with ***. She notes additionally that Federal-Mogul ***. CR at III-23 to III-24, PR at III-7. Based on the facts in this review, Vice Chairman Aranoff finds that Federal-Mogul's primary interests lay in domestic production during most of the period of review, and on that basis determines that appropriate circumstances do not exist to exclude the producer from the domestic industry.

⁵⁵ In this review, Commissioner Pinkert does not rely upon Federal-Mogul's financial performance as a factor in determining whether there are appropriate circumstances to exclude it from the domestic industry and relies instead on other information relevant to this issue. The present record is not sufficient to infer from Federal-Mogul's financial performance on U.S. operations whether it derived a specific benefit from importing. See Allied Mineral Products, Inc. v. United States, 28 CIT 1861, 1865-67 (2004).

In light of our domestic like product determination, we find that the domestic industry consists of all domestic producers of aftermarket brake rotors during the review period, *i.e.*, Affinia and Federal-Mogul.

III. NO LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER WERE REVOKED

For the reasons stated below, we determine that revocation of the antidumping duty order on aftermarket brake rotors from China would not be likely to lead to continuation or recurrence of material injury to the domestic industry producing aftermarket brake rotors within a reasonably foreseeable time.

A. Legal Standard In a Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur; and (2) the Commission makes a determination that revocation of the antidumping duty order or the countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁵⁶ The Uruguay Round Agreements Act (“URAA”), Statement of Administrative Action (“SAA”), states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁵⁷ Thus, the likelihood standard is prospective in nature.⁵⁸ The U.S. Court of International Trade has found that

⁵⁶ 19 U.S.C. § 1675a(a).

⁵⁷ The SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

⁵⁸ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

“likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.^{59 60 61}

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁶² According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”⁶³

Although the standard in a five-year review is not the same as the standard applied in an original antidumping or countervailing duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”⁶⁴ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁶⁵

In this review, the Commission received questionnaire responses with usable data from various market participants including Affinia, Federal-Mogul, 21 U.S. importers, and 13 Chinese

⁵⁹ See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 14 02, 1404 nn. 3 & 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

⁶⁰ For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

⁶¹ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

⁶² 19 U.S.C. § 1675a(a)(5).

⁶³ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

⁶⁴ 19 U.S.C. § 1675a(a)(1).

⁶⁵ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption determinations with respect to the order under review. CR at I-14, PR at I-12 to I-13. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

producers/exporters.⁶⁶ Consequently, the record contains significant data for the period of review from the domestic industry and the foreign industry producing the subject merchandise. In addition, Affinia, Federal-Mogul, and the Chinese Respondents Group submitted case briefs to the Commission. Accordingly, we rely on available information when appropriate, which consists primarily of information from the original investigation, the first five-year review, and this second five-year review.^{67 68}

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁶⁹ Given the stable demand created by the use for aftermarket brake rotors, we do not find that the aftermarket brake rotor market is characterized by a regular and measurable business cycle that might be characteristic of other industries. The following conditions of competition are relevant to our determination.

⁶⁶ Data collected by the Commission from U.S. aftermarket brake rotor producers represent 100 percent of total U.S. aftermarket brake rotor shipments. CR/PR at III-1. Based on official Commerce statistics for U.S. imports of brake rotors, Chinese industry coverage accounted for at least 73.6 percent of total U.S. imports of subject brake rotors in 2007. CR at IV-13, PR at IV-7.

⁶⁷ 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(i) are applicable only to Commerce. 19 U.S.C. § 1677m(i). See *Titanium Metals Corp. v. United States*, 25 CIT 648, 663, 155 F. Supp. 2d 750, 765 (2001) (“[T]he ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation.”).

⁶⁸ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

⁶⁹ 19 U.S.C. § 1675a(a)(4).

1. Product Characteristics

The market for aftermarket brake rotors stands in contrast to the market for OEM brake rotors. OEM brake rotors are made for use in new motor vehicles. Because purchasers of new motor vehicles may associate any defects in quality or performance of the brake rotors with the maker of the motor vehicle, and because the brake rotors are often sold under warranty, OEM brake rotors are made to much tighter tolerances than are aftermarket brake rotors.⁷⁰ In contrast, aftermarket brake rotors are made to looser tolerances and compete for sales as replacement parts when OEM brake rotors wear out.⁷¹

Despite being made to looser tolerances than OEM brake rotors, the vast majority of aftermarket brake rotors were of the premium grade at the time of the original investigation.⁷² These premium-grade aftermarket brake rotors were of sufficient quality and thickness that upon becoming worn, they generally continued in use after being resurfaced in a repair garage.⁷³ Since the original investigation, the domestic industry has devoted the vast majority of its domestic production to premium-grade aftermarket brake rotors.⁷⁴

While premium-grade product predominated at the time of the original investigation, economy grade aftermarket brake rotors have gained growing acceptance over time. Compared to the premium grade, economy-grade aftermarket brake rotors are lighter, thinner, and made to looser tolerances. In contrast to economy grade, the production of premium-grade aftermarket brake rotors requires more sophisticated and expensive production machinery and labor, and the castings for premium-grade rotors are subject to more exacting quality control standards and testing.⁷⁵ Upon wearing out, economy grade rotors are seldom resurfaced, but are considered disposable and replaceable.⁷⁶ Economy grade rotors now make up about 80 percent of domestic sales, with premium grade product making up only 15 to 20 percent.⁷⁷ While the bulk of sales has shifted to the economy grade, the domestic production remains concentrated in the premium grade.

2. Demand

The demand for aftermarket brake rotors is determined by a number of factors, including the number of vehicles in use, the average age of vehicles, and the average number of miles driven in a year.⁷⁸ As noted, aftermarket brake rotors are available in both economy grade and premium grade. Despite the higher cost of the premium-grade aftermarket brake rotors, there remain customers for whom their quality and durability is worth the higher price, such as safety-conscious consumers, owners of high-end automobiles, and fleet operators.⁷⁹ Domestic producers note that demand for aftermarket brake rotors since the original investigation has shifted substantially to economy-grade rotors and that, because of the lower cost of this type of brake rotor, the market has shifted toward replacement of the rotor rather than

⁷⁰ See Hearing Transcript at 45-48 (Vander Schaaf) and Original Investigation, Pub. 3036 at 4 and 8-9.

⁷¹ See Hearing Transcript at 46-48 (Vander Schaaf).

⁷² CR at I-25 to I-29, PR at I-21 to I-23.

⁷³ Hearing transcript at 39-40 (Wappelhorst).

⁷⁴ CR at I-25 to I-29, PR at I-21 to I-23.

⁷⁵ CR at I-25 to I-29, PR at I-21 to I-23.

⁷⁶ Hearing Transcript at 15-16 (Hughes).

⁷⁷ Chinese Respondents Group Posthearing Brief at Q-10 to Q-11.

⁷⁸ Affinia Response to Notice of Institution at 29.

⁷⁹ Federal-Mogul Posthearing Brief at 32-33.

resurfacing.⁸⁰ Aftermarket brake rotors are generally sold to automotive parts distributors, retail outlets, and end users.

In the original investigation, the Commission found that U.S. demand for aftermarket brake rotors had increased during the period of investigation and was likely to continue increasing due to the growing number of vehicles on the road, the greater proportion of new automobiles with disc brakes on all four wheels, and the decreased life span of OEM rotors. It also found that apparent domestic consumption of aftermarket brake rotors, when measured by quantity, had increased 40.6 percent from 1993 to 1995, while apparent consumption measured by value had increased 25.3 percent during the same period.⁸¹

In the first five-year review, based on facts available, the Commission estimated that apparent U.S. consumption had increased since the original investigation and found that U.S. demand for aftermarket brake rotors would continue to increase annually through 2005.⁸²

In this second five-year review, U.S. apparent consumption increased *** percent over the period of review, by quantity, from *** brake rotors in 2002 to *** brake rotors in 2007.⁸³

3. Supply

The domestic aftermarket brake rotor industry has undergone major restructuring since the Commission's original investigation. Bankruptcies, consolidations, reorganizations, and closures have changed the composition of the domestic industry. Some domestic producers closed their operations permanently, while others were initially acquired out of bankruptcy and continued to operate for a time. The major changes in the structure of the domestic industry from the original investigation to the present review are detailed in the Report.⁸⁴

In the original investigation, there were eight domestic producers of finished aftermarket brake rotors.⁸⁵ The largest U.S. producers produced their own castings in the United States and machined them into finished aftermarket brake rotors.⁸⁶ The Commission noted that U.S. producers' production capacity fluctuated, but increased overall.⁸⁷ U.S. producers' average capacity and production increased in the beginning of the period of investigation, but declined in 1995.⁸⁸

By the time of the first five-year review, only six known U.S. producers remained. The Commission found that the domestic industry's production decreased from 1995 to 2001 even though U.S. demand had grown during the same period.⁸⁹

⁸⁰ Affinia Response to Notice of Institution at 29.

⁸¹ Original Determination, USITC Pub. 3035 at 11-12.

⁸² First Five-Year Review, USITC Pub. 3528 at 8.

⁸³ CR/PR at Table I-10.

⁸⁴ See CR/PR at Table I-5 and Figure I-1.

⁸⁵ Seven of these firms were Brake Parts, Excel, Iroquois, ITT Automotive, Kinetic, Overseas Auto, and Wagner. The eighth firm, Airtex, ceased its minimal production of aftermarket brake rotors during 1993-95. A ninth firm, AlliedSignal, produced a small amount of aftermarket rotors, but predominately manufactured OEM product. OEM brake rotors were not part of the subject merchandise and were determined by the Commission at that time not to be part of the domestic like product. The Commission ultimately excluded AlliedSignal from the domestic industry as a related party in the original investigation.

⁸⁶ Federal-Mogul Prehearing Brief at 4.

⁸⁷ Original Determination, USITC Pub. 3035 at 18-19.

⁸⁸ Original Determination, USITC Pub. 3035 at 19.

⁸⁹ First Five-Year Review, USITC Pub. 3528 at 13.

At the institution of this second five-year review, Affinia and Federal-Mogul were the only remaining U.S. producers of the domestic like product. Since the institution, however, Federal-Mogul has ceased domestic production of aftermarket brake rotors.⁹⁰ Moreover, Affinia has announced that ***.⁹¹

According to foreign producer questionnaire responses submitted in this review, Chinese subject economy-grade exports to the United States have increased over the period of review.⁹² Nonsubject aftermarket brake rotors, both Chinese origin and from other sources, were a significant presence in the U.S. market during the period of review.⁹³ Notably, Affinia's *** of subject imports, as a percentage of total imports, accounted for *** percent of reported exports of subject merchandise from China in 2007, and Federal-Mogul's *** imports of subject rotors accounted for *** percent of subject exports in 2007.⁹⁴ Both firms combined accounted for *** percent of reported exports of subject rotors to the United States in 2007.⁹⁵

The U.S. producers' share of U.S. apparent consumption, by quantity, declined over the period of review from *** percent in 2002 to *** percent in 2007.⁹⁶ The subject Chinese producers' share of U.S. apparent consumption, by quantity, increased over the period of review from *** percent in 2002 to *** percent in 2007.⁹⁷ The share of U.S. apparent consumption, by quantity, held by imports of nonsubject Chinese aftermarket brake rotors fluctuated over the period of review, but increased overall from *** percent in 2002 to *** percent in 2007.⁹⁸ The share of U.S. apparent consumption, by quantity, held by imports of nonsubject aftermarket brake rotors from other sources decreased from *** percent in 2002 to *** percent in 2007.⁹⁹ The share of U.S. apparent consumption, by quantity, of total imports of aftermarket brake rotors from all sources increased from *** percent in 2002 to *** percent in 2007.¹⁰⁰

Available information indicates that imports of Chinese aftermarket brake rotors are predominantly lower priced, economy-grade brake rotors, whereas U.S.-produced aftermarket brake rotors are predominantly higher priced, premium-grade brake rotors.¹⁰¹

⁹⁰ Hearing Transcript at 15 (Hughes).

⁹¹ See Affinia Posthearing Brief at 9; E-mail from ***; and Coalition Response to Notice of Institution at 6.

⁹² CR/PR at Table IV-7; E-mail from ***. A significant number of Chinese producers and exporters have zero or de minimis cash deposit rates under the antidumping duty order on aftermarket brake rotors from China. See CR/PR at Table I-2.

⁹³ CR/PR at Table I-1. Seven Chinese producer/exporter combinations were excluded from the antidumping duty order on aftermarket brake rotors from China. See CR/PR at Table I-2, n.1.

⁹⁴ CR at III-24, PR at III-7.

⁹⁵ CR at III-24, PR at III-7. The *** percent figure may be somewhat overstated given that some subject Chinese producers did not respond to the Commission's questionnaires.

⁹⁶ CR/PR at Table I-1. The U.S. producers' share of U.S. apparent consumption, by value, declined over the period of review from *** percent in 2002 to *** percent in 2007. Id.

⁹⁷ CR/PR at Table I-1. The Chinese subject producers' share of U.S. apparent consumption, by value, increased over the period of review from *** percent in 2002 to *** percent in 2007. Id.

⁹⁸ CR/PR at Table I-1. The share of U.S. apparent consumption, by value, held by imports of nonsubject Chinese aftermarket brake rotors fluctuated over the period of review, but increased overall from *** percent in 2002 to *** percent in 2007. Id.

⁹⁹ CR/PR at Table I-1. The share of U.S. apparent consumption, by value, held by imports of nonsubject aftermarket brake rotors from other sources decreased from *** percent in 2002 to *** percent in 2007. Id.

¹⁰⁰ CR/PR at Table I-1. The share of U.S. apparent consumption, by value, of total imports of aftermarket brake rotors from all sources increased from *** percent in 2002 to *** percent in 2007. Id.

¹⁰¹ CR at V-14, PR at V-6; see also *** Questionnaire Response at III-2 and E-mail from ***. ***. Affinia Posthearing Brief at 9 and Prehearing Brief at Exhibit 1 (Affinia 10-K Report).

4. Substitutability

In this second five-year review, responses from U.S. producers, importers, and purchasers indicate that aftermarket brake rotors from both subject and nonsubject sources are generally interchangeable with aftermarket brake rotors produced in the United States.¹⁰² The degree of substitution between domestic and imported aftermarket brake rotors depends, however, upon such factors as relative prices, quality, and conditions of sale (e.g., availability, price discounts/rebates, delivery, payment terms, product services, etc.).¹⁰³ In particular, this degree of substitutability is limited by the grades of aftermarket brake rotors available from the domestic producer and from Chinese suppliers. As noted, aftermarket brake rotors are available in both premium grade and economy grade. Available information shows that, while there is some overlap because both the domestic producer and Chinese suppliers offer both grades, Chinese brake rotors are primarily economy grade whereas U.S.-produced rotors are primarily premium grade.¹⁰⁴ According to hearing testimony, there are differences in the production of premium brake rotors and economy brake rotors that result in higher costs to manufacture premium brake rotors.¹⁰⁵ Federal-Mogul noted that, while there is some degree of interchangeability, each grade has a unique product segment, with premium-grade brake rotors being sold to purchasers willing to pay the substantially higher price, including safety-conscious users, owners of high-end vehicles, and operators of motor vehicle fleet sales.¹⁰⁶

According to hearing testimony, differences in production and production costs between premium-grade and economy-grade aftermarket brake rotors have resulted in limited price competition between the grades, with sales of the two types in different segments of the U.S. market to different customers at different prices.¹⁰⁷ The record shows significant differences in product pricing between premium-grade and economy-grade aftermarket brake rotors.¹⁰⁸ The Chinese Respondents Group claims that premium-grade aftermarket brake rotors are priced *** to *** percent higher than economy-grade brake rotors in the U.S. market.¹⁰⁹ Although there is a low to moderate degree of substitution between the subject imports and the domestic like product, we find that there are significant differences between the subject economy-grade imports and the domestic premium-grade brake rotors.

5. Costs

The primary raw material used in the production of brake rotors is gray iron. Available data indicate that while prices paid for ferrous scrap have fluctuated since 2002, they have increased substantially during 2007.¹¹⁰ U.S. producers and all of the responding importers reported that raw

¹⁰² CR at II-15, PR at II-10; and CR/PR at Table II-6.

¹⁰³ CR at II-9, PR at II-6.

¹⁰⁴ CR at I-28 and II-9, PR at I-23 and II-6.

¹⁰⁵ CR at I-25 to I-26, PR at I-21 to I-22.

¹⁰⁶ Federal-Mogul Posthearing Brief at 32-33.

¹⁰⁷ Hearing Transcript at 16 (Hughes).

¹⁰⁸ CR/PR at Table V-5.

¹⁰⁹ Chinese Respondents Group Posthearing Brief at Q-23.

¹¹⁰ CR/PR at Figure V-1. Over the period January 2002 to March 2008, prices for ferrous scrap rose from \$68.46 per gross ton to \$329.33 per gross ton.

material costs have increased dramatically in 2007, both in the United States and in China, and they expect this trend to continue as the Chinese economy grows.¹¹¹

Based on the evidence in the record of this second five-year review, we find that conditions of competition in the aftermarket brake rotor market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the market provide us with a reasonable basis on which to assess the likely effects of revocation of the orders in the reasonably foreseeable future.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order were revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.¹¹² In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.¹¹³

In the original investigation, the Commission found that the volume of subject brake rotor imports, as measured by quantity and value, increased by 221.5 percent and 237.5 percent, respectively, from 1993 to 1995. The Commission also found that the share of U.S. consumption, in terms of quantity, held by subject imports increased from 8.0 percent in 1993 to 18.3 percent in 1995.¹¹⁴ The Commission found that the increase in subject imports’ market share came at the expense of the domestic industry, whose market share, in quantity terms, declined from 40.5 percent in 1993 to 35.0 percent in 1995.¹¹⁵

The Chinese aftermarket brake rotor industry’s production and production capacity approximately doubled during the same period, while its capacity utilization declined from 93.0 percent in 1993 to 85.4 percent in 1995. Aftermarket brake rotor exports increased in each year investigated, both in absolute terms and as a percentage of total shipments, and the United States was the Chinese industry’s primary export market.¹¹⁶ Finally, the Commission found that the Chinese aftermarket brake rotor industry was one of China’s fastest growing industries, with expansion expected to continue through the next decade.

In the first five-year review, the record contained no data on the volume of subject imports and only limited data on the market share of the domestic industry since the original investigation. No respondent interested party responded to the Commission’s notice of institution. Therefore, the Commission made its conclusions with respect to the likely effects that revocation of the order would have on the subject import volumes on the facts available, derived largely from the record of the original investigation and from information submitted by Dana, Federal-Mogul, and Waupaca in the review.

¹¹¹ CR/PR at V-1. *** also reported increased costs for transportation while *** reported increases in energy costs. Id.

¹¹² 19 U.S.C. § 1675a(a)(2).

¹¹³ 19 U.S.C. § 1675a(a)(2)(A)-(D).

¹¹⁴ Original Determination, USITC Pub. 3035 at 16.

¹¹⁵ Original Determination, USITC Pub. 3035 at 16.

¹¹⁶ Original Determination, USITC Pub. 3035 at 25-26.

The Commission found that total imports of aftermarket brake rotors from China approximately tripled since 1995, increasing from 6.4 million units in 1995 to 18.9 million units in 2001, although these totals included brake rotor imports from both subject and nonsubject producers.¹¹⁷ The Commission concluded that the data indicated that the imposition of the order in April 1997 did not appear to have appreciably slowed the increase in overall imports from China, although data were not available to indicate to what extent the increase was attributable to brake rotors that were not subject to the order.¹¹⁸ The Commission also found that the number of Chinese firms manufacturing brake rotors increased from 1999 to 2001, while capacity utilization declined. In sum, the Commission concluded that the likely volume of subject imports would be significant absent the order, given the subject imports' increases in volume and market share, and the expansion and export orientation of the Chinese industry.¹¹⁹

In this second five-year review, the volume of subject brake rotor imports, as measured by quantity and value, increased by 329.4 percent and 442.7 percent, respectively, from 2002 to 2007.¹²⁰ The share of U.S. consumption, in terms of quantity, held by subject imports increased from *** percent in 2002 to *** percent in 2007.¹²¹ The increase in market share for the subject imports came at the expense of both the domestic industry and nonsubject imports, each of which declined in market share.¹²²

While subject imports have achieved a substantial presence in the U.S. market even with the discipline of the order, for the purposes of this review, we consider the significance of the volume of subject imports in the context of the U.S. market conditions that are likely to prevail in the reasonably foreseeable future. First, as noted above, the U.S. producers, ***, accounted for *** of the subject imports – *** percent in 2007. Moreover, U.S. production and subject imports primarily serve different market sectors, with most U.S. production directed to the premium sector and most subject imports serving the economy sector. In addition, although subject imports of premium-grade aftermarket brake rotors appear to have increased in 2007 over 2006, the information available to the Commission shows that *** accounted for *** imports of subject premium-grade aftermarket brake rotors through direct importation or purchase.

Although the Chinese aftermarket brake rotor industry's production virtually quadrupled and its capacity increased by 189.5 percent during the period of review, its capacity utilization also increased from 66.3 percent in 2002 to 89.7 percent in 2007.¹²³ Shipments of aftermarket brake rotors to the home market by Chinese producers steadily increased from 2002 to 2006, although such shipments declined considerably in 2007.¹²⁴ While the Chinese industry is export-oriented and the United States is the

¹¹⁷ First Five-Year Review, USITC Pub. 3528 at 10.

¹¹⁸ First Five-Year Review, USITC Pub. 3528 at 10-11.

¹¹⁹ First Five-Year Review, USITC Pub. 3528 at 11.

¹²⁰ CR/PR at Table C-1.

¹²¹ CR/PR at Table C-1.

¹²² CR/PR at Table C-1.

¹²³ CR/PR at Tables IV-6 and IV-7. Chinese producers' capacity increased from 13.7 million subject rotors in 2002 to 39.8 million subject rotors in 2007, and production increased from 9.1 million subject rotors in 2002 to 35.6 million subject rotors in 2007. CR/PR at Table IV-7.

¹²⁴ CR at IV-20, PR at IV-11.

Chinese industry's primary export market,¹²⁵ its excess capacity, as noted, has decreased.¹²⁶ Finally, the record indicates that the ability of Chinese producers to shift shipments to the U.S. market is limited due to long-term contracts, existing customer relationships, differences in specifications, product mix, and marketing in different country markets.¹²⁷

Moreover, there have been substantial volumes of nonsubject aftermarket brake rotors from China in the U.S. market during the period of review. Although imports of nonsubject aftermarket brake rotors from China have fluctuated, the volume of nonsubject imports from China increased overall from 5.5 million rotors in 2002 to 13.5 million rotors in 2007.¹²⁸ Notably, the share of U.S. apparent consumption held by nonsubject Chinese imports of aftermarket brake rotors, by volume, increased from *** percent in 2002 to *** percent in 2007.¹²⁹ Thus, a substantial volume of nonsubject imports of aftermarket brake rotors is likely to be present in the U.S. market in the reasonably foreseeable future irrespective of the antidumping duty order.¹³⁰

We thus find a number of mitigating factors with respect to the likely volume of subject imports in the U.S. market in the absence of the order: (1) the domestic industry's ***, accounted for *** of subject imports in 2007; (2) the fact that the subject imports are predominantly economy-grade aftermarket brake rotors, whereas the U.S. industry's current and projected predominant product in the U.S. market is premium-grade aftermarket brake rotors;¹³¹ (3) the high capacity utilization rates of the

¹²⁵ CR/PR at Table IV-7. Chinese exports of subject rotors to the United States increased from 7.7 million rotors in 2002 to 33.1 million rotors in 2007. Chinese end-of-period inventories fluctuated over the period of review, but were higher at 744,000 subject rotors in 2007, up from 506,000 subject rotors in 2002. *Id.* Chinese inventory levels, as a percentage of production, however, declined from 9.3 percent in 2005 to 2.1 percent in 2007. CR/PR at Table IV-7.

¹²⁶ CR/PR at Tables IV-6 and IV-7. There were no trade barriers in countries other than the United States, and none of the responding Chinese producers reported that they produced other products using the same equipment and machinery or using the same production employees as in the production of aftermarket brake rotors. CR at IV-21, PR at IV-12.

¹²⁷ CR at IV-21 to IV-22, PR at IV-12 to IV-13. The ability of producers in China to shift sales between the U.S. market and alternative country markets may be moderated by existing relationships with current customers. Eleven of the 13 responding producers in China reported in their foreign producer questionnaire responses that they have long-term contracts or relationships with existing customers which make it difficult to shift sales of aftermarket brake rotors between the U.S. market and alternative country markets. In addition, two Chinese producers noted that it is difficult to shift sales between the U.S. market and alternative country markets due to the different rotor models required in the different country markets (*i.e.*, any particular aftermarket brake rotor model can only be sold in countries where vehicles using that model are in use). *Id.*

¹²⁸ CR/PR at Table I-9.

¹²⁹ CR/PR at Table I-10. The share of U.S. apparent consumption held by nonsubject Chinese imports of aftermarket brake rotors, by value, increased from *** percent in 2002 to *** percent in 2007. *Id.*

¹³⁰ Seven Chinese exporter/producer combinations have never been subject to the antidumping duty order on aftermarket brake rotors from China: China National Automotive Industry Import & Export Corp. and Shandong Laizhou CAPCO Industry ("Laizhou CAPCO"); Laizhou CAPCO; Shenyang Honbase Machinery Co., Ltd.; Shenyang and Laizhou Luyuan Automobile Fittings Co., Ltd.; Luyuan; Luyan and Shenyang; and China National Machinery and Equipment Import & Export (Xinjiang) Corp., Ltd., and Zibo Botai Manufacturing Co. ("Zibo Botai"). See Chinese Respondents Group Prehearing Brief at 32-33. Nonsubject producer Laizhou CAPCO reportedly considers itself the largest producer of aftermarket brake rotors in China, with an annual casting capacity of 40,000 tons. *Id.* at 32. *** reported annual production capacity of *** aftermarket brake rotors. ***.

¹³¹ CR at V-14, PR at V-6; see also *** Questionnaire Response at III-2 and E-mail from ***.

Chinese producers and their limited excess capacity; (4) Affinia’s military “Buy American” sales;¹³² and (5) the substantial volumes of nonsubject imports from China in the U.S. market throughout the period of review.

For all of these reasons, and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, including the limited competition between economy-grade and premium-grade aftermarket brake rotor market segments in the U.S. market described previously, we find that the likely volume of subject imports from China would not increase significantly and its impact would be mitigated by the factors described above.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.¹³³

In the original investigation, the Commission found that the subject imports and domestically produced aftermarket brake rotors competed on the basis of price. The Commission collected pricing data on two domestically produced aftermarket brake rotor products and determined that the U.S. producers’ prices for both products had declined over the period of investigation, while prices for the subject imports fluctuated irregularly over the same period. The Commission also found, however, that the subject imports undersold the domestic aftermarket brake rotors by margins exceeding 20 percent in nearly every quarterly pricing comparison during the period examined.¹³⁴

In the first five-year review, the Commission found that the limited record in that expedited review showed a decline in the average unit values for the subject imports even with the antidumping duty order in place.¹³⁵ In addition, the average unit values for U.S. commercial shipments of domestically produced brake rotors declined over the period of review. The Commission concluded that, given the price sensitivity of the U.S. market for aftermarket brake rotors, the subject imports would likely significantly undersell the domestic like product to gain market share and have significant depressing or suppressing effects on the domestic like product within a reasonably foreseeable time in the absence of the orders.¹³⁶

In this second five-year review, imports of subject economy-grade brake rotors continued to undersell the domestically produced aftermarket brake rotors over the period of review even with the antidumping duty order in place.¹³⁷ Subject imports undersold domestic aftermarket brake rotors in all possible quarterly comparisons for which data were collected for the review.¹³⁸ Pricing information on Chinese aftermarket brake rotors shows underselling on sales of products 1 through 4 in all 96 possible

¹³² Affinia Posthearing Brief at 14-15. Affinia reported that it serves military contractors (*i.e.*, Hummer aftermarket brake rotors) whose “Buy American” policy requires continued domestic production. *Id.*

¹³³ 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

¹³⁴ Original Determination, USITC Pub. 3035 at 16-17.

¹³⁵ First Five-Year Review, USITC Pub. 3528 at 11-12.

¹³⁶ First Five-Year Review, USITC Pub. 3528 at 12.

¹³⁷ CR at V-16, PR at V-8.

¹³⁸ CR at V-16, PR at V-8.

comparisons from 2002 through 2007.¹³⁹ The margins of underselling range from 50.3 percent to 86.5 percent for the four selected products.¹⁴⁰

While these data nominally indicate consistent underselling, the pricing data as reported did not differentiate between premium-grade and economy-grade brake rotors for the specified products. As noted above, subject imports during the period of review were principally economy-grade brake rotors while domestically produced aftermarket brake rotors were principally premium-grade aftermarket brake rotors, with limited competition between the grades in the U.S. market.¹⁴¹ The Commission has limited data for U.S. prices of imported premium-grade aftermarket brake rotors.¹⁴² When the prices of subject premium-grade aftermarket brake rotors are compared to domestically produced premium-grade aftermarket brake rotors, however, the subject premium-grade brake rotors oversold the premium-grade U.S. brake rotors in all 9 possible comparisons during the last three quarters of 2007, the only period for which data were available.¹⁴³

Although we lack data on prices for nonsubject imports, the average unit values for nonsubject imports of aftermarket brake rotors from China were lower during the period of review than the average unit values for both the subject imports from China and the domestically produced product.¹⁴⁴ We consider data for average unit values with caution,¹⁴⁵ but examine them here in the absence of pricing data for comparable products. The average unit values for nonsubject imports of aftermarket brake rotors from China fluctuated over the period, but were higher at \$7.45 per unit in 2007 than the \$5.91 per unit reported for 2002. The average unit values for subject imports of aftermarket brake rotors from China fluctuated over the period, but were also higher at \$8.58 per unit in 2007 than the \$6.79 per unit reported for 2002.¹⁴⁶ Notably, the average unit values for nonsubject imports from China were lower than average unit values for the subject imports from China in each year examined.¹⁴⁷ These data and the limited competition between the subject imports and domestic aftermarket brake rotors during the period of review suggest that the subject imports have not had significant price suppressing or depressing effects and are not likely to have such effects in the reasonably foreseeable future.

We have also considered movements in aftermarket brake rotor prices over the period examined. Prices of U.S.-produced premium-grade aftermarket brake rotors generally decreased for most products over the period of review.¹⁴⁸ Although domestic prices for premium-grade aftermarket brake rotors generally declined over the period of review, there is no evidence of underselling of subject premium-

¹³⁹ CR/PR at Tables V-1 through V-4.

¹⁴⁰ CR at V-16, PR at V-8.

¹⁴¹ CR at V-14, PR at V-6; see also *** Questionnaire Response at III-2 and E-mail from ***.

¹⁴² Available data indicates ***. Table Supplement A.

¹⁴³ CR/PR at Table V-5.

¹⁴⁴ CR/PR at Table I-9.

¹⁴⁵ We are cognizant that average unit values are affected by product mix. As noted, the vast majority of subject aftermarket brake rotors imported during the period of review were of the economy grade, although a growing share were premium grade, starting in 2006. CR at II-9, PR at II-6. Likewise, the vast majority of nonsubject aftermarket brake rotors from China were also economy grade. CR at I-28, PR at I-23; Table Supplement A. Nevertheless, there may be differences in product mix even within the economy grade.

¹⁴⁶ CR/PR at Table I-9. The average unit values for the domestic brake rotors fluctuated over the period, but were *** lower at \$*** per unit in 2007 than the \$*** per unit reported for 2002. Id.

¹⁴⁷ CR/PR at Table I-9.

¹⁴⁸ CR at V-14, PR at V-6. Prices for domestic premium-grade aftermarket brake rotors were generally down for Products 1, 2, and 4, but Product 3 demonstrated some increases. Prices of subject imports from China fluctuated over the period, but generally declined. CR at V-16, PR at V-8.

grade imports when compared to domestically produced premium-grade rotors.¹⁴⁹ We do not find that subject imports are likely to have significant price depressing effects if the order is revoked. As noted above, subject imports are predominantly focused on the economy-grade segment of the U.S. market, while the domestic industry is focused on the premium-grade segment ***.¹⁵⁰ Further, the information available to the Commission shows that Affinia accounted for *** in 2006 and 2007.¹⁵¹ Affinia would have no incentive to *** that would adversely affect prices for its domestically produced aftermarket brake rotors, and in fact all available comparisons show that subject premium-grade aftermarket brake rotors oversold the domestic premium-grade aftermarket brake rotors.¹⁵²

Despite some increases in price during the period of review,¹⁵³ the domestic industry's cost of goods sold ("COGS") as a share of net sales increased over the period of review from *** percent in 2002 to *** percent in 2007, indicating that any price increases did not keep pace with rising costs.¹⁵⁴ Unit COGS also increased from \$*** per rotor in 2002 to \$*** per rotor in 2007.¹⁵⁵ Given the limited competition between subject economy-grade imports and domestic premium-grade rotors and the absence of underselling by the subject imports in the premium-grade segment of the U.S. market in 2006 and 2007, however, we do not attribute these unfavorable cost-price indicators in significant part to price-based competition from the subject imports.

Based on the information available in this review, including the information from the original investigation and the first five-year review, we find that the subject imports are unlikely to have significant adverse price effects if the antidumping duty order is revoked, given the limited competition between the subject imports and the domestically produced product and the significant presence of low-priced, nonsubject imports of aftermarket brake rotors from China. Subject imports, which are primarily economy-grade aftermarket brake rotors, would not likely gain market share by underselling the domestic like product because demand in the U.S. market is primarily for economy-grade aftermarket brake rotors and Affinia reportedly ***.¹⁵⁶ With respect to U.S. demand for premium-grade aftermarket brake rotors, the available data indicate that there is no underselling by the subject imports and that Affinia, the sole remaining domestic producer, *** portion of premium-grade subject brake rotor imports from China. Therefore, the subject imports of premium-grade aftermarket brake rotors would not be likely to be sold at competitive prices and, therefore, would not be likely to have significant depressing or suppressing effects on prices of the domestic like product. Nor would subject imports be likely to have a significant adverse effect on prices for aftermarket brake rotors sold under Buy American conditions.¹⁵⁷

¹⁴⁹ CR/PR at Table V-5.

¹⁵⁰ ***.

¹⁵¹ Table Supplement A.

¹⁵² CR/PR at Table V-5.

¹⁵³ CR at V-14, PR at V-6.

¹⁵⁴ CR/PR at Table C-1. Rising costs during the period of review are primarily attributed to the cost of raw materials. Affinia Posthearing Brief at 11-12.

¹⁵⁵ CR/PR at Table C-1.

¹⁵⁶ To the extent that imports of subject premium-grade brake rotors have increased in 2007, we again note that Affinia is a significant purchaser of subject premium-grade aftermarket brake rotors ***. Table Supplement A.

¹⁵⁷ In various past investigations and reviews, respondents have argued that sales made by the domestic industry under Buy American conditions were effectively shielded from competition with subject imports. Often, however, we placed relatively little weight on Buy American sales, particularly where the domestic industry indicated that the volume of such sales was small, and no other record evidence established the volume and importance of such sales. The circumstances are different in the current review. Here, the domestic industry is so small in relation to the overall market that even a relatively limited volume of Buy American sales would represent a substantial market for

(continued...)

Given the likely small volume of additional subject imports from China in the event of revocation and taking into consideration our findings above concerning the conditions of competition that are distinctive to this industry, we find that revocation of the antidumping duty order on the subject imports of aftermarket brake rotors from China would not be likely to lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order were revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including, but not limited to, the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.¹⁵⁸ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.¹⁵⁹ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order is revoked.¹⁶⁰

In the original investigation, the Commission found that the domestic industry's production and shipments increased over the period of investigation, but that these increases were commensurate with growth in the U.S. market for aftermarket brake rotors. The Commission also found that the dumped

¹⁵⁷ (...continued)

its production. See CR/PR at Table C-1 (domestic industry representing a *** percent market share in 2007). Moreover, when responding to the assertion that it was likely to discontinue aftermarket brake rotor production in the United States in the near future, Affinia itself cited its Buy American sales as evidence that it would continue production. Affinia Posthearing brief at 13-15. Under these unusual circumstances, we give Buy American sales more weight in this review than in other reviews, although we would have reached the same conclusion as to likely price effects even in their absence.

¹⁵⁸ 19 U.S.C. § 1675a(a)(4).

¹⁵⁹ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce expedited its sunset review of the antidumping duty order on brake rotors from China and found that revocation would be likely to lead to continuation or recurrence of dumping. Commerce found dumping margins of 8.51 percent for Hebei Metals and Minerals Import/Export Corporation, Shandong Jiuyang Enterprise Corporation, Longjing Walking Tractor Works and Foreign Trade I/E, Jilin Provincial Machinery & Equipment I/E Corporation, Qingdao Metals, Minerals, and Machinery Import & Export Corporation, Shanxi Machinery and Equipment Import & Export Corporation, Xianghe Zichen Casting Co., Ltd., and Yenhere Corp.; a margin of 16.07 percent for Southwest Technical Import and Export Corporation; a margin of 3.56 percent for Yantai Import and Export Corporation; and a 43.32 percent margin for the PRC-Wide Entity. Brake Rotors from the People's Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order, 73 Fed. Reg. at 1321.

¹⁶⁰ 19 U.S.C. § 1675a(a)(1)(C). The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

subject imports captured market share at the expense of the domestic industry and prevented the domestic industry from attaining the full benefit of its increased capacity. Finally, the Commission found that the price suppressing and depressing effects of the surging dumped subject imports caused the domestic industry's profit margin and operating income to decline *** during the period investigated, despite increases in the industry's sales revenue.¹⁶¹

In the first five-year review, despite the limited information available concerning the condition of the domestic industry, the Commission estimated that the domestic industry's production decreased during the period of review, even as U.S. demand increased during the same period.¹⁶² Although the Commission could not conclude, based on the limited record, that the domestic industry was vulnerable to material injury if the order were revoked, it found that underselling by the subject imports continued concurrent with an increase in the volume of subject imports during the period of review. The Commission further found that these conditions would only worsen in the absence of the order. Accordingly, the Commission concluded that revocation of the order would be likely to have a significant impact on the domestic industry within a reasonably foreseeable time.¹⁶³

In this second five-year review, the domestic industry demonstrated that its revenues, shipments, and sales declined over the period of review.¹⁶⁴ The domestic industry's market share declined throughout the period.¹⁶⁵ Its capacity utilization also declined during the period, as Affinia restructured and Federal-Mogul ceased aftermarket brake rotor production.¹⁶⁶ Employment in the industry declined over the period of review from *** workers in 2002 to *** workers in 2007, and wages trended downward over the majority of the period.¹⁶⁷ The U.S. industry reported *** declining operating income margins from 2002 through 2007.¹⁶⁸ Given these unfavorable indicators, we find that the domestic industry is in a vulnerable state.¹⁶⁹ As described above, while the domestic industry has devoted the vast majority of its production to premium-grade aftermarket brake rotors, the market for that product has declined substantially as many consumers now prefer the economy grade. As its market declined, the domestic industry declined along with it.

Notwithstanding the domestic industry's vulnerable state, Affinia currently produces ***.¹⁷⁰ As we found above, competition in the U.S. market between these products and the subject imports likely will be limited. Moreover, even with the antidumping duty order in place, the domestic producers, ***, have accounted for *** of the subject imports, particularly ***, and Affinia ***,¹⁷¹ has made *** research and development investments during the period of review, and has made *** capital expenditures during

¹⁶¹ Original Investigation, USITC Pub. 3035 at 18.

¹⁶² First Five-Year Review, USITC Pub. 3528 at 13.

¹⁶³ First Five-Year Review, USITC Pub. 3528 at 14.

¹⁶⁴ CR/PR at Table C-1.

¹⁶⁵ See CR/PR at Table I-1. The U.S. industry's market share in terms of U.S. apparent consumption decreased *** overall during the period, from *** percent in 2002 to *** percent in 2007.

¹⁶⁶ CR/PR at Table I-1. The industry's capacity utilization decreased from *** percent in 2001 to *** percent in 2007. Id. Total capacity also decreased from *** rotors in 2002 to *** rotors in 2007. Id.

¹⁶⁷ CR/PR at Table III-8. The industry's productivity declined *** over the period of review from *** rotors per hour in 2002 to *** rotors per hour in 2007. CR/PR at Table I-1; CR/PR at Table III-7. *** research and development expenses. Capital expenditures were ***. CR/PR at Table III-11.

¹⁶⁸ CR/PR at Table III-9.

¹⁶⁹ 19 U.S.C. §1675a(a)(1)(c). See also SAA at 885.

¹⁷⁰ E-mail from *** and Coalition Response to Notice of Institution at 6.

¹⁷¹ E-mail from ***. ***. Id. See also Federal-Mogul Final Comments at 1.

that same period.¹⁷² Therefore, despite the domestic industry's vulnerable state, we find that subject imports are not likely to adversely impact the U.S. aftermarket brake rotor industry if the antidumping duty order were revoked.

We have found above that the revocation of the antidumping duty order would not likely lead to either significant additional volumes of subject imports or significant price effects given the limited competition between the subject imports and the domestically produced product and other factors, described above, that mitigate the impact of subject import volumes on the U.S. industry. These findings in turn indicate that the subject imports are not likely to have a significant adverse impact on the domestic industry in the reasonably foreseeable future if the antidumping order is revoked.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on aftermarket brake rotors from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

¹⁷² CR/PR at Table III-11. *** research and development expenses. Although brake rotor production is highly capital intensive, Affinia's capital expenditures were *** over the period of review and were *** for 2006 and 2007. Id.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On July 2, 2007, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of the antidumping duty order on aftermarket brake rotors² from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{3 4} On October 5, 2007, the Commission found that the domestic interested party group response to its notice of institution was adequate⁵ and that the respondent interested party group response with respect to China was adequate.⁶ Accordingly, the Commission unanimously determined that it would

¹ 19 U.S.C. 1675(c).

² The terms “aftermarket brake rotors,” “brake rotors,” “certain brake rotors,” “aftermarket rotors,” and “rotors” used in this report all refer to the aftermarket brake rotors as described in Commerce’s scope of the subject merchandise, unless otherwise specified.

³ 72 FR 36037, July 2, 2007. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

⁴ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. 72 FR 35968, July 2, 2007.

⁵ On August 21, 2007, the Commission received one domestic interested party submission in response to its notice of institution for the subject review. It was filed on behalf of the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers (“Coalition”), which was, at that time, an unincorporated association of two domestic producers of brake rotors, Federal-Mogul, Inc. (“Federal-Mogul”) and Affinia Group, Inc. (“Affinia”). The Coalition, represented by the law firm of Porter, Wright, Morris and Arthur, LLC, indicated in its response to the Commission’s notice of institution in this review that its then members, Affinia and Federal-Mogul, were the only U.S. producers of the domestic like product at that time. *Response of Coalition*, August 21, 2007, pp. 20 and 21. The membership of the Coalition changed after it submitted its response to the Commission’s notice of institution. On January 11, 2008, the law firm of Mayer Brown LLP filed an entry of appearance with the Commission on behalf of Federal-Mogul and, on February 8, 2008, the Commission was notified that Federal-Mogul had withdrawn from the Coalition. *Letter to The Honorable Marilyn R. Abbott from Mayer Brown LLP*, January 11, 2008; *Letter to Marilyn R. Abbott from Porter, Wright, Morris and Arthur, LLC*, February 8, 2008.

⁶ The Commission received one Chinese interested party submission in response to its notice of institution for the subject review. It was filed by counsel Bryan Cave LLP on behalf of the following firms: Qingdao Meita Automotive Industry Co., Ltd. (“Qingdao Meita”); Longkou Jinzheng Machinery Co., Ltd. (“Longkou Jinzheng”); Longkou Haimeng Machinery Co., Ltd. (“Longkou Haimeng”); Longkou TLC Machinery Co., Ltd. (“Longkou TLC”); Laizhou Hongda Auto Replacement Parts Co., Ltd. (“Laizhou Hongda”); World Known Precision Industry (Fuzhou) Co., Ltd. (“Fuzhou”); Shandong Huanri Group Co., Ltd. (“Shandong Huanri”); Shanxi Zhongding Auto Parts Co., Ltd. (“Zhongdin”); Laizhou Wally Automobile Co., Ltd. (“Laizhou Wally”); Laizhou City Luqi Machinery Co., Ltd. (“Laizhou City Luqi”); Yantai Winhere Auto-Part Manufacturing Co., Ltd. (“Yantai Winhere”); Qingdao Gren (Group) Co. (“Qingdao Gren”); CWD, LLC dba Centric Parts (“CWD”); Gren Automotive, Inc. (“Gren Automotive”); IAP West, Inc. (“IAP”); Qualis Automotive LLC (“Qualis”); Best Brakes; and Ziway, Inc. (“Ziway”) (collectively referred to herein as “Chinese respondents”). Chinese respondents Qingdao Meita, Longkou Jinzheng, Longkou Haimeng, Longkou TLC, Laizhou Hongda, Fuzhou, Shandong Huanri, Zhongdin, Laizhou Wally, Laizhou City Luqi, Yantai Winhere, and Qingdao Gren are Chinese producers and/or exporters of the subject merchandise, which in the aggregate, accounted for the majority of the total volume of exports of subject merchandise to the United States in 2006. Chinese respondents CWD, Gren Automotive, and Ziway are U.S. importers of subject merchandise from China and Best Brakes, IAP, and Qualis are purchasers and/or consignees for
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conduct a full review with respect to brake rotors from China pursuant to section 751(c)(5) of the Act.⁷ Selected information relating to the schedule of the current five-year review is presented below:⁸

Effective date	Action
July 2, 2007	Commission's institution of second five-year review (72 FR 36037)
July 2, 2007	Commerce's initiation of second five-year review (72 FR 35968)
October 5, 2007	Commission's determination to conduct a full review (72 FR 59111, October 18, 2007)
November 19, 2007	Commission's scheduling of the review (72 FR 66187, November 27, 2007)
January 8, 2008	Commerce's final results of expedited five-year review (73 FR 1319)
April 15, 2008	Commission's hearing
May 29, 2008	Date of the Commission's vote
June 11, 2008	Commission's determination transmitted to Commerce

The Original Investigation and the Expedited First Five-Year Review

The original investigation resulted from a petition filed on March 7, 1996, by counsel on behalf of the Coalition.⁹ On February 28, 1997, Commerce made a final affirmative determination of sales at less than fair value ("LTFV") with respect to brake rotors from China.¹⁰ The Commission completed the original investigation in April 1997, determining that an industry in the United States was materially injured by reason of imports of brake rotors from China that Commerce determined to be sold at LTFV.¹¹

⁶ (...continued)

imports by others of subject merchandise from China. *Response* of Chinese respondents, August 21, 2007, pp. 2 and 7, and exhs. 2 and 3; and *Supplemental Response* of Chinese respondents, September 5, 2007, pp. 2 and 3.

⁷ 72 FR 59111, October 18, 2007. The Commission's notice to conduct a full review appears in app. A.

⁸ The Commission's notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address www.usitc.gov). Commissioners' votes on whether to conduct an expedited or full review may also be found at the web site. Commerce's notice of final results of its expedited review also appears in app. A. The list of witnesses that appeared at the Commission's hearing is presented in App. B. No witnesses appeared at the Commission's hearing in support of the continuation of the antidumping duty order. Counsel for the Coalition (i.e., Affinia) filed a letter advising the Commission that "due to various financial and personnel limitations" it would not be filing a prehearing brief nor would it be present to provide testimony at the Commission's hearing. *Letter* from Leslie Alan Glick, Porter Wright Morris & Arthur LLP, April 3, 2008.

⁹ The members of the Coalition at that time were Brake Parts, Inc. ("Brake Parts"); Kinetic Parts Manufacturing Inc. ("Kinetic"); Iroquois Tool Systems, Inc. ("Iroquois"); and Wagner Brake Corp. ("Wagner"). *Certain Brake Drums and Rotors From China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, p. I-1.

¹⁰ Commerce also made a determination that "critical circumstances" existed with respect to all companies subject to the China-wide rate for brake rotors. 62 FR 9160, February 28, 1997.

¹¹ The Commission also made a negative determination regarding critical circumstances with respect to subject rotors. The original investigation concerned both brake drums and rotors from China; however, the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and the

(continued...)

After receipt of the Commission's determination, Commerce issued an antidumping duty order on imports of brake rotors from China.¹²

On March 1, 2002, the Commission instituted the first five-year review of the antidumping duty order¹³ and, on June 4, 2002, the Commission determined that it would proceed to an expedited review.¹⁴ On July 9, 2002, Commerce found that revocation of the antidumping duty order on brake rotors from China would likely lead to continuation or recurrence of dumping.¹⁵ In July 2002, the Commission completed its expedited first five-year review of the subject order and determined that revocation of the order on brake rotors from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁶ Subsequently, Commerce issued a continuation of the subject antidumping duty order.¹⁷

¹¹ (...continued)

establishment of an industry in the United States was not materially retarded, by reason of imports from China of certain brake drums that had been found by Commerce to be sold in the United States at LTFV. *Certain Brake Drums and Rotors From China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, p. 1.

¹² Excluded from the antidumping duty order were the following seven exporter and producer combinations: (1) exporter China National Automotive Industry Import & Export Corp. and producer Shandong Laizhou CAPCO Industry ("CAPCO"), (2) exporter and producer CAPCO, (3) exporter and producer Shenyang Honbase Machinery Co., Ltd. ("Shenyang Honbase"), (4) exporter Shenyang Honbase and producer Laizhou Luyuan Automobile Fittings Co., Ltd. ("Laizhou Luyuan"), (5) exporter and producer Laizhou Luyuan, (6) exporter Laizhou Luyuan and producer Shenyang Honbase, and (7) exporter China National Machinery and Equipment I&E (Xinjiang) Corp., Ltd. and producer Zibo Botai Manufacturing Co., Ltd. ("Zibo Botai"). 62 FR 9160, February 28, 1997; 62 FR 15655, April 2, 1997; 62 FR 18740, April 17, 1997; and *Issues and Decision Memorandum for the Final Results in the Expedited Second Sunset Review of the Antidumping Duty Order on Brake Rotors from the People's Republic of China*, International Trade Administration, Department of Commerce, December 31, 2007, pp. 2-3.

¹³ 67 FR 9462, March 1, 2002.

¹⁴ The Commission received one submission in response to its notice of institution for the subject review. It was filed on behalf of the Coalition, whose membership at that time was comprised of the following three domestic producers: Dana Corp., Brake and Chassis Division ("Dana"), Federal-Mogul, and Waupaca Foundry, Inc. ("Waupaca"). The members of the coalition were together believed to represent from *** to *** percent of total U.S. production of aftermarket brake rotors in 2001. The Commission did not receive any responses to its notice of institution from respondent interested parties with respect to China during the first review. In the first five-year review, the Commission determined that the domestic interested party responses to its notice of institution were adequate and that the respondent interested party responses were inadequate. It found no other circumstances that would warrant conducting a full review. *Staff Report*, June 28, 2002 (INV-Z-099), p. I-3.

¹⁵ 67 FR 45458, July 9, 2002.

¹⁶ 67 FR 50459, August 2, 2002; *Brake Rotors from China: Investigation No. 731-TA-744 (Review)*, USITC Publication 3528, July 2002, p. 1.

¹⁷ 67 FR 52933, August 14, 2002.

Summary Data

Table I-1 presents a summary of data from the original investigation, the Section 421 investigation (for further information, see section entitled “Related Investigation” that follows),¹⁸ and the current (second) full five-year review.¹⁹

RELATED INVESTIGATION

Following receipt of a petition, as amended, on June 6, 2003, on behalf of the Coalition,²⁰ the Commission instituted investigation No. TA-421-3, Certain Brake Drums and Rotors from China, under section 421(b) of the Trade Act of 1974.^{21 22} The Commission completed its section 421 investigation in August 2003, finding that certain (aftermarket) brake drums and certain (aftermarket) brake rotors²³ from China were not being imported into the United States in such increased quantities or under such conditions as to cause or threaten to cause market disruption to the domestic producers of like or directly competitive products.²⁴ Consistent with its previous findings in the underlying Title VII investigation and first five-year review concerning the antidumping duty order on *Brake Rotors From China*, the Commission found that aftermarket brake drums and aftermarket brake rotors were two distinct like or directly competitive products and that there were two separate domestic industries consisting of the U.S. producers of aftermarket brake drums and the U.S. producers of aftermarket brake rotors.²⁵

¹⁸ Because of the paucity of data available in the Commission’s expedited first five-year review, data from the Commission’s 421 investigation are presented instead for calendar years 1998-2001.

¹⁹ The Commission’s questionnaires in this current five-year review requested data for calendar years 2002-07. Unless otherwise noted, all references to the “review period” in this report are for this period of time for which data were collected.

²⁰ The membership of the Coalition at that time consisted of Dana, Federal-Mogul, and Waupaca.

²¹ 19 U.S.C. § 2451(b).

²² 68 FR 35702, June 16, 2003.

²³ The scope definition of aftermarket brake rotors examined in the section 421 investigation is the same as the scope in the current review. *Ibid.*

²⁴ 68 FR 48938, August 15, 2003.

²⁵ Also consistent with its previous findings, the Commission found that domestic original equipment manufacturer (“OEM”) brake drums and rotors were not like or directly competitive with the imported subject Chinese product and that there was a clear dividing line between OEM brake drums and rotors and aftermarket brake drums and rotors. OEM brake drums and rotors were not included in the scope of the investigations and there were no known imports of the OEM product from China during the period examined in the section 421 investigation. *Certain Brake Drums and Rotors From China*: Investigation No. TA-421-3, USITC Publication 3622, August 2003, pp. 7-14; and *Brake Rotors From China*: Investigation No. 731-TA-744 (Review), USITC Publication 3528, July 2002, pp. 4-6. The Chinese respondents in this current review indicated that the facts concerning OEM and aftermarket brake rotors remain the same today. *Posthearing brief* of Chinese respondents, pp. Q-6-Q-7.

Table I-1

Brake rotors: Summary data from the original investigation, the Section 421 investigation,¹ and the current (second) full five-year review, 1993-95 and 1998-2007

(Quantity= 1,000 units; value= 1,000 dollars; unit values, unit labor costs, and unit financial data are *per unit*)

Item	1993	1994	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. consumption quantity: Amount	19,909	25,209	27,998	***	***	***	***	***	***	***	***	***	***
Producers' share ²	40.5	37.1	35.0	***	***	***	***	***	***	***	***	***	***
Importer's share: ² China (subject)	8.0	16.0	18.3	(³)	(³)	(³)	(³)	***	***	***	***	***	***
China (nonsubject)	3.2	4.4	4.6	(³)	(³)	(³)	(³)	***	***	***	***	***	***
Total, China	11.2	20.4	22.9	***	***	***	***	***	***	***	***	***	***
Other countries	48.2	42.5	42.1	***	***	***	***	***	***	***	***	***	***
Total imports	59.5	62.9	65.0	***	***	***	***	***	***	***	***	***	***
U.S. consumption value: Amount	268,286	317,973	336,166	***	***	***	***	***	***	***	***	***	***
Producers' share ²	48.0	46.7	45.8	***	***	***	***	***	***	***	***	***	***
Importer's share: ² China (subject)	4.2	9.2	11.3	(³)	(³)	(³)	(³)	***	***	***	***	***	***
China (nonsubject)	1.6	2.3	2.8	(³)	(³)	(³)	(³)	***	***	***	***	***	***
Total, China	5.8	11.5	14.2	***	***	***	***	***	***	***	***	***	***
Other countries	46.2	41.7	40.0	***	***	***	***	***	***	***	***	***	***
Total imports	52.0	53.3	54.2	***	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Brake rotors: Summary data from the original investigation, the Section 421 investigation,¹ and the current (second) full five-year review, 1993-95 and 1998-2007

(Quantity= 1,000 units; value= 1,000 dollars; unit values, unit labor costs, and unit financial data are per unit)

Item	1993	1994	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. imports from-- China (subject): Quantity	1,594	4,025	5,125	(³)	(³)	(³)	(³)	7,703	12,882	14,961	17,743	23,796	33,073
Value	11,277	29,232	38,057	(³)	(³)	(³)	(³)	52,315	93,412	117,655	158,994	202,200	283,907
Unit value	\$7.07	\$7.26	\$7.43	(³)	(³)	(³)	(³)	\$6.79	\$7.25	\$7.86	\$8.96	\$8.50	\$8.58
Ending inventory quantity	739	1,159	1,366	(³)	(³)	(³)	(³)	694	1,271	1,447	1,515	4,915	6,582
China (nonsubject): Quantity	641	1,107	1,282	(³)	(³)	(³)	(³)	5,549	6,951	3,809	4,570	7,738	13,492
Value	4,237	7,446	9,556	(³)	(³)	(³)	(³)	32,822	44,162	26,952	32,027	51,310	100,468
Unit value	\$6.61	\$6.73	\$7.45	(³)	(³)	(³)	(³)	\$5.91	\$6.35	\$7.08	\$7.01	\$6.63	\$7.45
Ending inventory quantity	51	125	51	(³)	(³)	(³)	(³)	***	***	***	***	***	***
Total, China: Quantity	2,235	5,132	6,407	11,202	16,440	20,569	23,322	13,252	19,833	18,770	22,313	31,534	46,565
Value	15,513	36,677	47,613	75,334	107,673	138,905	148,698	85,137	137,574	144,607	191,021	253,510	384,375
Unit value	\$6.94	\$7.15	\$7.43	\$6.73	\$6.55	\$6.75	\$6.38	\$6.42	\$6.94	\$7.70	\$8.56	\$8.04	\$8.25
Ending inventory quantity	790	1,284	1,417	***	***	***	***	***	***	***	***	***	***
All other countries: Quantity	9,608	10,719	11,791	10,601	12,129	11,318	11,166	42,300	38,075	32,259	39,658	41,691	37,170
Value	123,903	132,864	134,528	112,925	135,554	146,174	138,649	592,580	565,743	523,590	472,382	538,848	507,633
Unit value	\$12.90	\$12.40	\$11.41	\$10.65	\$11.18	\$12.92	\$12.42	\$14.01	\$14.86	\$16.23	\$11.91	\$12.92	\$13.66
Ending inventory quantity	(³)	(³)	(³)	***	***	***	***	197	283	379	497	517	654

Table continued on following page.

Table I-1--Continued

Brake rotors: Summary data from the original investigation, the Section 421 investigation,¹ and the current (second) full five-year review, 1993-95 and 1998-2007

(Quantity= 1,000 units; value= 1,000 dollars; unit values, unit labor costs, and unit financial data are *per unit*)

Item	1993	1994	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. imports from-- All countries:													
Quantity	11,843	15,851	18,198	21,803	28,569	31,888	34,488	55,551	57,908	51,030	61,971	73,225	83,735
Value	139,416	169,541	182,141	188,259	243,227	285,079	287,347	677,717	703,317	668,197	663,403	792,358	892,009
Unit value	\$11.77	\$10.70	\$10.01	\$8.63	\$8.51	\$8.94	\$8.33	\$12.20	\$12.15	\$13.09	\$10.71	\$10.82	\$10.65
Ending inventory quantity	(^o)	(^o)	(^o)	***	***	***	***	***	***	***	***	***	***
U.S. producers'--													
Capacity quantity	9,514	12,416	13,005	***	***	***	***	***	***	***	***	***	***
Production quantity	9,159	10,905	10,726	***	***	***	***	***	***	***	***	***	***
Capacity utilization ²	96.3	87.8	82.5	***	***	***	***	***	***	***	***	***	***
U.S. shipments:													
Quantity	8,066	9,358	9,800	***	***	***	***	***	***	***	***	***	***
Value	128,870	148,432	154,025	***	***	***	***	***	***	***	***	***	***
Unit value	\$15.98	\$15.86	\$15.72	***	***	***	***	***	***	***	***	***	***
Export shipments:													
Quantity	979	783	734	***	***	***	***	***	***	***	***	***	***
Value	15,858	11,692	10,890	***	***	***	***	***	***	***	***	***	***
Unit value	\$16.20	\$14.93	\$14.84	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	1,319	1,762	2,227	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments ²	14.6	17.4	21.1	***	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Brake rotors: Summary data from the original investigation, the Section 421 investigation,¹ and the current (second) full five-year review, 1993-95 and 1998-2007

(Quantity= 1,000 units; value= 1,000 dollars; unit values, unit labor costs, and unit financial data are *per unit*)

Item	1993	1994	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. producers'-- Production workers	814	934	931	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000 hours)	1,728	1,976	1,938	***	***	***	***	***	***	***	***	***	***
Wages paid (1,000 dollars)	24,081	26,812	26,775	***	***	***	***	***	***	***	***	***	***
Hourly wages	\$13.94	\$13.57	\$13.82	***	***	***	***	***	***	***	***	***	***
Productivity (units/hr)	5.3	5.5	5.5	***	***	***	***	***	***	***	***	***	***
Unit labor costs	\$2.63	\$2.46	\$2.50	***	***	***	***	***	***	***	***	***	***
Net sales:													
Quantity	9,483	10,730	11,373	***	***	***	***	***	***	***	***	***	***
Value	152,459	169,965	182,086	***	***	***	***	***	***	***	***	***	***
Unit value	\$16.08	\$15.84	\$16.01	***	***	***	***	***	***	***	***	***	***
Cost of goods sold ("COGS")	110,593	130,807	139,611	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	41,866	39,158	42,475	***	***	***	***	***	***	***	***	***	***
SG&A expenses	28,563	30,651	32,631	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	13,303	8,507	9,844	***	***	***	***	***	***	***	***	***	***
Capital expenditures	4,178	8,493	2,513	***	***	***	***	***	***	***	***	***	***
Unit COGS	\$11.66	\$12.19	\$12.28	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	\$3.01	\$2.86	\$2.87	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	\$1.40	\$0.79	\$0.87	***	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-1--Continued

Brake rotors: Summary data from the original investigation, the Section 421 investigation,¹ and the current (second) full five-year review, 1993-95 and 1998-2007

(Quantity= 1,000 units; value= 1,000 dollars; unit values, unit labor costs, and unit financial data are *per unit*)

Item	1993	1994	1995	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. producers'-- COGS/sales ²	72.5	77.0	76.7	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales ²	8.7	5.0	5.4	***	***	***	***	***	***	***	***	***	***

¹ Because of the paucity of data available in the Commission's expedited first five-year review, data from the Commission's 421 investigation are presented instead for calendar years 1998-2001. The import data presented in the Commission's 421 investigation for 1998-2001 are derived official Commerce statistics and were adjusted by staff, whereas import data presented for the current review (2002-07) are from Commission questionnaires for "China (subject)" and from unadjusted official Commerce statistics for "China (nonsubject)" and "all other countries."

² In percent.

³ Not applicable or not available.

Source: *Staff Report*, March 18, 1997 (INV-U-020), tables III-4, III-6, III-7, IV-1, IV-4, C-2 (as revised on March 27, 1997 (INV-U-030)), for 1993-95 data; *Staff Report*, July 29, 2003 (INV-AA-107), tables 6, 8, 9, 10, 25, 26, and C-2, for 1998-2001 data. Data for 2002-07 were compiled in response to Commission questionnaires and from official Commerce statistics.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury—

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) 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.

(3) *PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

- (A) *there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*
- (B) *imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

(4) *IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--*

- (A) *likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*
- (B) *likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*
- (C) *likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy.”

Organization of the Report

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for the aftermarket brake rotor markets as collected in the review is presented in appendix C at table C-1. U.S. industry data are based on the questionnaire responses of two U.S. producers that were reported by parties to this review to have accounted for all domestic production of aftermarket brake rotors in 2007.²⁶ Because of the relatively

²⁶ In addition, Waupaca, a domestic foundry that produces raw castings for a variety of products, including aftermarket brake rotors, provided a response to the Commission’s producer questionnaire in this review. Also, Power Performance Group (“PPG”) (aka Power Slot)/StopTech, a specialized finisher for the “high performance” rotor market, provided a producer questionnaire response. CWD acquired StopTech in April 2006 and Power Performance Group (aka Power Slot) in October 2007. Information provided by Waupaca and CWD are presented separately throughout this report, where appropriate. As discussed in greater detail later in this report, the parties to this review have argued that foundries and producers of specialized rotors for the “high performance” market are not part of the domestic industry in this review.

low response rate by U.S. importers to the Commission's questionnaire, the quantity of exports to the United States as reported in foreign producer questionnaire responses is used as a proxy for the subject import quantity data presented in the body of this report; the import value data presented for the subject merchandise were constructed using the unit value data provided in the U.S. importer questionnaire responses.²⁷ Import data presented for nonsubject rotors are based on official Commerce statistics.²⁸ Official Commerce import statistics are also presented in their entirety separately in appendix C at table C-2. Foreign industry data and related information are based on the questionnaire responses of 13 subject producers of aftermarket brake rotors in China. Based on official Commerce statistics for U.S. imports of brake rotors, as adjusted to exclude fairly traded rotors from China, these Chinese producers' exports to the United States accounted for at least 73.6 percent of total U.S. imports of subject brake rotors from China.²⁹ Responses by U.S. producers, importers, purchasers, and foreign producers of aftermarket brake rotors to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation are presented in appendix D.

COMMERCE'S REVIEWS

Since the issuance of the antidumping duty order on brake rotors from China, Commerce has completed nine administrative reviews, three changed circumstance reviews, 15 new shipper reviews, and two five-year reviews. The results of these reviews are presented in table I-2.³⁰ Commerce is currently conducting the 2006-07 administrative review in conjunction with the 16th new shipper review.

²⁷ The Commission received questionnaire responses from 21 U.S. importers of aftermarket brake rotors. Based on official Commerce statistics for imports of brake rotors, importers' questionnaire data accounted for 36.3 percent of total U.S. imports during 2007 and 57.5 percent of total imports from China in 2007. The coverage figures are somewhat understated to the extent that official Commerce statistics include merchandise that falls outside the definition of aftermarket brake rotors (e.g., OEM brake rotors). Based on export data provided in foreign producer questionnaire responses, the subject import data obtained through importer questionnaires accounted for 67.6 percent of reported exports of subject merchandise to the United States from China in 2007. The subject import data presented in the body of this report are understated to the extent that some Chinese producers subject to the antidumping duty order did not respond to the Commission's questionnaire.

²⁸ The HTS statistical reporting number specific to rotors was created in July 2004; however, this narrower HTS category is still a broader product grouping than the subject merchandise in that it includes OEM brake rotors and other rotors that fall outside the defined physical parameters. Prior to July 2004, the HTS number also included brake drums. Therefore, the nonsubject import data presented in the body of this report are overstated to the extent that the official statistics include merchandise that does not meet Commerce's scope description of aftermarket brake rotors. Regardless, the Coalition indicated in its response to the Commission's notice of institution in this review that it believes that the large majority of imports entering the United States under this HTS number are for aftermarket rotors because, until recently, OEMs would generally not buy rotors produced in China. *Response of Coalition*, August 21, 2007, p. 8.

²⁹ The 2007 coverage figure presented is somewhat understated. As noted previously, the HTS category under which the subject merchandise is categorized for 2007 is a broader product grouping, including OEM brake rotors and other rotors that fall outside the defined physical parameters.

³⁰ For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Commerce indicated that it will issue its final results no later than June 4, 2008.³¹ Commerce has not conducted any duty-absorption investigations with respect to this order; however, one scope ruling has been issued by Commerce with respect to brake rotors from China.³²

On August 21, 2007, Commerce notified the Commission that it was conducting an expedited review with respect to brake rotors from China because it did not receive an adequate substantive response to its notice of initiation from the respondent interested parties.³³ It published the final results of its review based on the facts available on January 8, 2008.³⁴ In its final results, Commerce found that revocation of the antidumping duty order on brake rotors from China would likely lead to continuation or recurrence of dumping at margins determined in its original final determination (see table I-2).³⁵

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”) (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.³⁶ During the review period, qualified U.S. producers of brake rotors were eligible to receive disbursements from the U.S. Customs and Border Protection (“Customs”) under CDSOA relating to the antidumping duty order on the subject product beginning in Federal fiscal year 2001.³⁷ Table I-3 presents CDSOA disbursements and claims for Federal fiscal years (October 1-September 30) 2001-07 by firm.

³¹ On February 5, 2008, Commerce published the preliminary results of its 2006-07 administrative review of the order. Commerce preliminarily determined that the following 14 Chinese companies received zero-percent margins: Qingdao Meita; Laizhou Auto Brake Equipment Co., Ltd. (“Laizhou Auto Brake”); Yantai Winhere; Laizhou Hongda; Laizhou City Luqi; Laizhou Wally; Zibo Luzhou Automobile Parts Co., Ltd. (“Zibo Luzhou”); Zibo Golden Harvest Machinery Ltd. Co. (“Zibo Golden Harvest”); Longkou TLC; Longkou Jinzheng; Qingdao Gren; Shenyang Yinghao Machinery Co. (“Shenyang Yinghao”); Longkou Dixion Brake System Ltd. (“Dixion Brake”); and Shanghai Tylon Co., Ltd. (new shipper review margin). In addition, a fifteenth Chinese firm, Longkou Haimeng, preliminarily received a 0.03 percent (*de minimis*) margin. The China-wide rate was 43.32 percent. 73 FR 6700, February 5, 2008.

³² In its scope ruling, Commerce found that brake rotors produced by Federal-Mogul in China that include the Ford-Motocraft logo in the casting and certified by the Ford Motor Co. are not within the scope of the antidumping duty order. 72 FR 23802, May 1, 2007.

³³ Letter to Mr. Robert Carpenter from Wendy J. Frankel, Office Director, AD/CVD Operations, Office 8, Import Administration, U.S. Department of Commerce, August 21, 2007.

³⁴ 73 FR 1319, January 8, 2008. Commerce’s final results of its expedited review are presented in app. A.

³⁵ Commerce explained that it “normally . . . will select a margin from the final determination in the investigation because that is the only calculated rate that reflects the behavior of exporters without the discipline of an order or suspension agreement in place.” Commerce also explained that although it has completed nine administrative reviews and multiple new shipper reviews since the issuance of the antidumping duty order, it does not find any indication that the margins calculated in the administrative reviews or new shipper reviews are more probative of the behavior of manufacturers, producers, and exporters without the discipline of the order. *Issues and Decision Memorandum for the Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order on Brake Rotors from the People’s Republic of China*, International Trade Administration, Department of Commerce, December 31, 2007, pp. 15-16.

³⁶ Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

³⁷ 19 CFR 159.64 (g).

Table I-2**Brake rotors: Commerce's reviews of the antidumping duty order**

Firm	04/97 ¹	03/99	11/99	10/00	05/01	08/01	07/02 ²	08/02	10/02	05/03	08/03	07/04	08/04	11/05	01/06	11/06	08/07	08/07	11/07	01/08 ³
China National Industrial Machinery Import & Export Corp.		0.00								0.08 ⁴		0.17 ⁴		0.28 ⁴		8.90	4.22			
Dixion Brake															8.15					
Hebei Metals and Minerals Import & Export	8.51						8.51 ²													8.51 ³
Hongfa Machinery (Dalian) Co., Ltd.					0.00					0.00		0.00		0.00		13.59				
Jilin Provincial Machinery & Equipment Import & Export Corp.	8.51		0.00	0.00			8.51 ²													8.51 ³
Laizhou Automobile Brake Equipment Co. ⁵		0.00		0.00						0.22 ⁴		0.01 ⁴		0.09 ⁴		8.90	4.22			
Laizhou City Luqi												0.00				8.90	4.22			
Laizhou Hongda				0.00						0.00		0.00		0.04 ⁴		8.90	4.22			
Laizhou Wally														0.00						
Longjing Walking Tractor Works Foreign Trade import & Export Corp.	8.51		0.00				8.51 ²													8.51 ³
Longkou Haimeng		0.00		0.10 ⁴						0.05 ⁴		0.01 ⁴		0.20 ⁴		5.29	4.22			
Longkou Jinzheng														0.00			4.22			

Table continued on next page.

Table I-2—Continued
Brake rotors: Commerce's reviews of the antidumping duty order

Firm	04/97 ¹	03/99	11/99	10/00	05/01	08/01	07/02 ²	08/02	10/02	05/03	08/03	07/04	08/04	11/05	01/06	11/06	08/07	08/07	11/07	01/08 ³
Longkou Qizheng Auto Parts Co.																			0.00	
Longkou TLC								0.00				0.02 ⁴		0.10 ⁴		8.90	4.22			
Qingdao Golrich Autoparts Co.																		0.00		
Qingdao Gren Co.		0.00		0.69					0.02 ⁴	0.06 ⁴		0.04 ⁴		0.32 ⁴		8.90	4.22			
Qingdao Meita						0.00				0.09 ⁴		0.14 ⁴		0.00		0.03 ⁴	0.00			
Qingdao Metals, Minerals & Machinery Imports & Exports	8.51						8.51 ²													8.51 ³
Shandong Huanri										0.00		0.00					4.22			
Shandong Jiuyang Enterprise Corp.	8.51		0.00				8.51 ²													8.51 ³
Shandong Laizhou Huanri Group General Co.						0.00														
Shanxi Fengkun Foundry Ltd.														1.43						
Shanxi Fengkun Metallurgical Ltd. Co.										0.00				1.43		8.90				
Shanxi Machinery and Equipment Import & Export	8.51						8.51 ²													8.51 ³
Shanxi Zhonding Auto Parts																	4.22			
Shenyang Yinghao													0.00			8.90	4.22			
Southwest Technical Import & Export, Yangtze Machinery Corp, MMB International	16.07						16.07 ²													16.07 ³
Xiangfen Hengtai Brake System Co., Ltd.											0.00			0.00		43.32				
Xianghe Xumingyuan Auto Parts Co., Ltd.											0.00									

Table continued on next page.

Table I-2—Continued**Brake rotors: Commerce's reviews of the antidumping duty order**

Firm	04/97 ¹	03/99	11/99	10/00	05/01	08/01	07/02 ²	08/02	10/02	05/03	08/03	07/04	08/04	11/05	01/06	11/06	08/07	08/07	11/07	01/08 ³
Xianghe Zichen Casting Co., Ltd.	8.51		0.00				8.51 ²													8.51 ³
Yantai Import & Export Corp.	3.56		0.00	0.06 ⁴			3.56 ²													3.56 ³
Yantai Winhere		0.00		0.00						0.00		0.02 ⁴		0.31 ⁴		0.01 ⁴	0.03 ⁴			
Yenhere Corp.	8.51		0.00	0.00			8.51 ²													8.51 ³
Zibo Botai				0.00																
Zibo Golden Harvest										0.00				0.00		8.90	4.22			
Zibo Luzhou		0.00								0.14 ⁴		0.00		0.17 ⁴		8.90	4.22			
China-wide rate	43.32						43.32 ²													43.32 ³

¹ Antidumping duty order, as amended. Excluded from the antidumping duty order were the following seven exporter and producer combinations: (1) exporter China National Automotive Industry Import & Export Corp. and producer Shandong Laizhou CAPCO Industry ("CAPCO"), (2) exporter and producer CAPCO, (3) exporter and producer Shenyang Honbase Machinery Co., Ltd. ("Shenyang Honbase"), (4) exporter Shenyang Honbase and producer Laizhou Luyuan Automobile Fittings Co., Ltd. ("Laizhou Luyuan"), (5) exporter and producer Laizhou Luyuan, (6) exporter Laizhou Luyuan and producer Shenyang Honbase, and (7) exporter China National Machinery and Equipment I&E (Xinjiang) Corp., Ltd. and producer Zibo Botai Manufacturing Co., Ltd. ("Zibo Botai").

² Final results of first expedited five-year review.

³ Final results of second expedited five-year review.

⁴ *De minimis*.

⁵ Successor in interest to Laizhou Auto Brake Equipment Factory. 66 FR 37211, July 17, 2001.

Note 1.—The shaded columns indicate new shipper reviews.

Note 2.—On February 5, 2008, Commerce published the preliminary results of its 2006-07 administrative review of the order (73 FR 6700, February 5, 2008). Commerce preliminarily determined that the following 14 Chinese companies received zero-percent margins: Qingdao Meita; Laizhou Auto Brake; Yantai Winhere; Laizhou Hongda; Laizhou City Luqi; Laizhou Wally; Zibo Luzhou; Zibo Golden Harvest; Longkou TLC; Longkou Jinzheng; Qingdao Gren; Shenyang Yinghao; Dixon Brake; and Shanghai Tylon Co., Ltd. (new shipper review margin). In addition, a fifteenth Chinese firm, Longkou Haimeng, preliminarily received a 0.03 percent (*de minimis*) margin. Commerce indicated that it will issue its final results no later than June 4, 2008.

Source: Antidumping duty order, 62 FR 18740, April 17, 1997; 64 FR 9972, March 1, 1999 (review period 4/1/97 - 9/30/97); 64 FR 61581, November 12, 1999 (review period 10/10/96 - 3/31/98); 65 FR 64664, October 30, 2000 (review period 4/1/98 - 3/31/99); 66 FR 27063, May 16, 2001 (review period 4/1/99 - 3/31/00); 66 FR 44331, August 23, 2001 (review period 4/1/00 - 9/30/00); final results of first expedited sunset review, 67 FR 45458, July 9, 2002; 67 FR 53913, August 20, 2002 (review period 4/1/01 - 9/30/01); 67 FR 65779, October 28, 2002 (review period 4/1/00 - 3/31/01); 68 FR 25861, May 14, 2003 (review period 4/1/01 - 3/31/02); 68 FR 50515, August 21, 2003 (review period 4/1/02 - 9/30/02); 69 FR 42039, July 13, 2004 (review period 4/1/02 - 3/31/03); 69 FR 52228, August 25, 2004 (review period 4/1/03 - 9/30/03); 70 FR 69937, November 18, 2005 (review period 4/1/03 - 3/31/04); 71 FR 4112, January 25, 2006 (review period 4/1/04 - 9/30/04); 71 FR 66304, November 14, 2006 (review period 4/1/04 - 3/31/05); 72 FR 42386, August 2, 2007 (review period 4/1/05 - 3/31/06); 72 FR 67270, November 28, 2007 (review period 4/1/06 - 10/31/06); and final results of second expedited sunset review, 73 FR 1319, January 8, 2008.

Table I-3**Brake rotors: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2001-07**

Item	Federal fiscal year						
	2001	2002	2003	2004	2005	2006	2007
Disbursements (dollars)							
Brake Parts ¹	607,059	2,252,166	0	0	172,533	57,050	0
Federal-Mogul	0	0	0	0	38,000	0	0
Kelsey Hayes ²	0	844,903	47,778	0	0	0	0
Wagner Brake ³	107,478	1,165,869	0	0	0	0	0
Total	714,538	4,262,938	47,778	0	210,532	57,050	0
Claims (1,000 dollars)							
Total	847,121	433,996	84,179	0	1,741,260	1,601,510	0
<p>¹ Affinia is the successor firm to Brake Parts.</p> <p>² Kelsey Hayes was the legal corporate umbrella for TRW Automotive, whose successor firm is PowerStop. PowerStop is no longer a domestic producer of “commodity” aftermarket brake rotors. It produces specialized rotors for the “high performance” market.</p> <p>³ Federal-Mogul is the successor firm to Wagner Brake.</p>							
<p>Source: U.S. Customs and Border Protection’s CDSOA <i>Annual Reports</i>. Retrieved from www.cbp.gov/xp/cgov/import/add_cvd.</p>							

THE SUBJECT MERCHANDISE**Commerce’s Scope**

The imported product subject to the antidumping duty order under review, as defined by Commerce in its original and continuation orders, is

. . . brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans and recreational vehicles under “one ton and a half,” and light trucks designated as “one ton and a half.” Finished brake rotors are those that are ready for sale and installation without any further operations. Semi-finished rotors are those on which the surface is not entirely smooth, and have undergone some drilling. Unfinished rotors are those which have undergone some grinding or turning. These brake rotors are for motor vehicles, and do not contain in the casting a logo of an original equipment manufacturer (“OEM”) which produces vehicles sold in the United States (e.g., General Motors, Ford, Chrysler, Honda, Toyota, Volvo). Brake rotors covered in the order are not certified by OEM producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron, which contain a steel plate, but otherwise meet the above criteria. Excluded from the scope of the order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less

than 8 pounds or greater than 45 pounds (less than 3.63 kilograms or greater than 20.41 kilograms).³⁸

As is clearly apparent from Commerce's definition, OEM brake rotors are specifically excluded and brake drums are not covered by the scope. In addition, evidence on the record in this current review indicates that raw castings for aftermarket brake rotors are also not covered in Commerce's definition of the scope of the subject merchandise.³⁹ In fact, various industry participants indicated that they believe that raw castings for aftermarket brake rotors are simply not imported from China.⁴⁰ Although it is not clear whether or not specialized aftermarket brake rotors for the "high performance" industry are covered by Commerce's scope language, the Chinese respondents in this review indicated that these products, which require advanced metallurgy and much higher quality standards, are not imported from China because the Chinese producers are not capable of producing the highly specialized rotors for the "high performance" market.⁴¹

Tariff Treatment

The subject merchandise is currently imported under statistical reporting number 8708.30.5030 of the HTS at the column 1-general duty rate of 2.5 percent *ad valorem*, applicable to China.

Prior to July 2004, aftermarket brake rotors were imported into the United States under HTS statistical reporting number 8708.39.5010, a category that included not only the subject merchandise, but also merchandise that was outside Commerce's scope (e.g., OEM brake rotors, aftermarket and OEM brake drums; products not of gray cast iron (namely, aluminum); and products which do not meet the scope's specified size parameters (including such parts for use in larger-sized vehicles)). Further, this provision included castings, unfinished, and semifinished products that were shipped into the United States for final processing, provided they were identifiable as parts of brakes at entry. The HTS statistical reporting number specific to rotors, HTS 8708.39.5030 (brake rotors (discs) for motor vehicles), was created in July 2004. This HTS category included both aftermarket and OEM brake rotors for motor vehicles (other than agricultural tractors) of headings 8701 to 8705, which was a broader product grouping than the subject merchandise.⁴² With the HTS nomenclature revision in 2007,⁴³ U.S. imports of the subject brake rotors are currently classified in HTS subheading 8708.30.50 (statistical reporting number 8708.30.5030).

³⁸ 67 FR 52933, August 14, 2002.

³⁹ ***.

⁴⁰ ***.

⁴¹ *Posthearing brief* of Chinese respondents, pp. Q-24-Q-25.

⁴² The Coalition indicated in its response to the Commission's notice of institution in this review that it believes that the large majority of imports entering the United States under this HTS number are for aftermarket rotors because, until recently, OEMs would generally not buy rotors produced in China. *Response of Coalition*, August 21, 2007, p. 8.

⁴³ *Presidential Proclamation 8097* of Dec. 27, 2006 (72 FR 453), implementing provisions set forth in USITC Publication 3898, effective February 3, 2007.

THE PRODUCT

Description and Uses

Brake rotors are part of disc brake assemblies, commonly used on front-wheel-drive vehicles, where braking action is created by two brake pads squeezing a rotor. The rotor is a circular rotational component attached to the wheel hub. A hydraulic caliper and disc brake pads are mounted on an adapter that straddles the rotor. When the brake pedal is applied, hydraulic pressure at the wheel cylinder increases, which allows the hydraulic caliper to force the braking pads against the rotating disc in a clamping action to slow or stop the vehicle.⁴⁴

Manufacturing Process

Brake rotors are generally produced from gray iron,⁴⁵ which has high wear resistance, excellent machinability, a relatively high coefficient of friction, and vibration absorption. This metal is also easily cast into rather complex shapes at a relatively low cost. The casting process involves pouring liquid metal into a mold of the final product and allowing the metal to solidify.⁴⁶ The Coalition indicated in its response to the Commission's notice of institution in this current review that

{r}otors are produced by casting, which does not require significant investment or technology at production level - an ideal scenario for the Chinese industry that emphasizes labor-intensive industries over technology-intensive industries.⁴⁷

After the raw casting is formed, the article undergoes machining, such as grinding and drilling, to reach the finished product. Unfinished brake rotors have undergone some grinding but are not functional as brake system products. Semifinished brake rotors have also undergone initial grinding and have been drilled or pierced. Such parts still require additional finish grinding and boring to be considered serviceable.⁴⁸ Finished brake rotors are ready for installation and meet fit and function criteria. Specific rotors have individual design and functional characteristics that limit their use to specific models of motor vehicles.⁴⁹ The Chinese producers indicated in their responses to the Commission's questionnaire in this review that there have been no significant changes in the production technology since the time of the original investigation.

Testimony at the Commission's conference in the preliminary phase of the original investigation indicated that aftermarket brake rotors usually appear as replacements within 2 years after the

⁴⁴ *Staff Report*, March 18, 1997 (INV-U-020), pp. I-4-I-12, II-1, and V-1-V-4.

⁴⁵ Brake rotors can be and have also been manufactured from aluminum. The advantage of an aluminum brake rotor lies in its light weight.

⁴⁶ *Staff Report*, March 18, 1997 (INV-U-020), pp. I-4-I-12, II-1, and V-1-V-4.

⁴⁷ The Coalition submitted that “[t]he highest investment in the brake industry relates to pollution control - which burdens U.S. producers much more than Chinese producers that have lower environmental standards.” *Response of Coalition*, August 21, 2007, p. 9.

⁴⁸ There is no standard industry concept of the terms “unfinished” and “semifinished” brake rotors. These products are not traded in significant quantities, and are not suitable for any other use.

⁴⁹ *Staff Report*, March 18, 1997 (INV-U-020), pp. I-4-I-12, II-1, and V-1-V-4.

introduction of new motor vehicle platforms and the corresponding change in brake rotor models.⁵⁰ However, testimony at the hearing held in connection with the current five-year review suggests that currently the interval is considerably shorter. Mr. Marvin Fudalla, President and CEO of Qualis Automotive LLC, a U.S. purchaser of aftermarket brake rotors imported from China, testified that his customers request that aftermarket brake rotors be available six months after the introduction of a new motor vehicle.⁵¹ During that interval, aftermarket producers reverse-engineer the new brake rotor models and complete the retooling necessary for production. As a result, the availability of aftermarket products generally coincides with the initial demand for replacement parts for the originally installed OEM brake rotors.⁵²

Channels of Distribution and Marketing Considerations

The aftermarket for brake rotors is characterized by several layers of distribution between the producer and the final consumer. The system had traditionally been dominated by two main distribution channels, namely (1) professional service outlets consisting of warehouse distributors, jobbers, and service station/independent garages and (2) retail outlets. Aftermarket parts sold through warehouse distributors were first supplied to jobbers who then wholesaled the parts to service stations and garages that installed the subject brake rotors. Retail outlets such as automotive supply chains sold brake rotors for installation by the consumer.⁵³ The distinctions between the channels, however, had diminished by the time of the original investigation. Further, as stated in the 2001 10-K form of a U.S. producer of brake rotors (Universal), “(w)e believe that in recent years there has been an industry shift away from the traditional channels of distribution toward alternative distribution channels, including manufacturers who sell parts to mass market retailers who serve do-it-yourself customers, and manufacturers who sell parts to warehouse distributors, who sell directly to installers that provide repair and installation service.”⁵⁴ Inventories are held throughout the distribution chain, with frequent deliveries required.

Many warehouse distributors⁵⁵ and jobbers have banded together under a common promotional banner called Program Distribution Groups (“PDGs”). PDGs receive price proposals from producers and importers and then certify manufacturers as approved vendors based on price criteria, at which point member companies can make individual arrangements to purchase from any of the approved vendors at the group price. Buying groups serve a similar function for independent retail outlets that purchase large quantities at discount prices.

U.S. firms manufacturing brake rotors for the aftermarket generally sell to warehouse distributors, retail brake service outlets, and large automotive supply chains. The subject imported products were reported during the original investigation to enter the U.S. market at the warehouse distributor level, where U.S. manufacturers and importing “agents” competed for sales among PDGs and buying groups. Once approved by these groups, the imported products were marketed in the same professional service and retail outlets as domestic aftermarket parts.

A producer or importer may sell under different labels and some firms have arrangements with different distribution chains to produce parts under the chains’ labels. Sometimes a U.S. producer or

⁵⁰ *Ibid.*, p. I-8.

⁵¹ *Hearing transcript*, pp. 118-119 (Fudalla).

⁵² *Staff Report*, March 18, 1997 (INV-U-020), p. I-8.

⁵³ The ultimate customer is usually unaware of the origin of the brake rotor when it is installed at a retail brake outlet. *Staff Report*, March 18, 1997 (INV-U-020), p. I-10.

⁵⁴ Universal’s *Form 10-K* for FY 2001, p. 2.

⁵⁵ Companies such as Pep Boys, Carquest, AutoZone, and Firestone. *Hearing transcript*, p. 47 (Fudalla).

importer will carry two product lines. The large number of different models required makes it difficult for one manufacturer to produce every model. As a result, co-manufacturing arrangements exist, and there is trade among producers and importers. In addition, unfinished and semifinished Chinese brake rotors are purchased from distributors by U.S. aftermarket manufacturers for finishing and then marketed through the U.S. manufacturers' distribution chain.

Information collected in response to Commission questionnaires in the current review summarizing the commercial channels of distribution for domestic and imported aftermarket brake rotors is presented in table I-4. As the data indicate, *** U.S. commercial shipments of finished aftermarket brake rotors made by domestic producers Affinia and Federal-Mogul were made to auto parts distributors and *** U.S. commercial shipments of aftermarket brake rotors made by U.S. importers were made to distributors. Of the 21 responding U.S. importers of record, 13 reported that they were also the consignee for the merchandise that they imported and 7 reported that they took title to the goods.

According to hearing testimony, brake rotors have recently become "more disposable and it has become easier and less costly to replace the brake rotors rather than to resurface them." In addition, brake rotors today are "a lot thinner and have essentially become discardable, throw-away parts."⁵⁶ This trend is attributable, in part, to "[e]ngineering advances and reductions in vehicle weight {that} have increased demand for lighter, thinner rotors versus the heavier, thicker rotors."⁵⁷

Table I-4
Brake rotors: Channels of distribution for domestic product and U.S. imports sold in the U.S. market, 2002-07

* * * * *

Premium and Economy Aftermarket Brake Rotors

According to hearing testimony, the production of premium aftermarket brake rotors requires "very sophisticated and expensive machinery and extra labor."⁵⁸ Economy-grade rotors, on the other hand, are produced using "a very unsophisticated process."⁵⁹ In addition, not only are premium rotors subject to greater quality control than economy rotors,⁶⁰ they also are "produced by manufacturers that have extensive equipment to manufacture high quality rotors and they do have metallurgy tests where they actually take a proof out of every single batch and they use a gas spectrometer to test the metallurgy," unlike economy rotors.⁶¹ Premium rotors are typically produced on a "very expensive automated line, and that's always going to require a much higher price. Plus, the machining portion of the premium rotor also is much more refined in the balancing at significant costs" than that of the economy rotor.⁶²

Information on the record in this review indicates that there are differences between premium and economy rotors in terms of raw castings and finished tolerances. Federal-Mogul stated that for the

⁵⁶ *Hearing transcript*, p. 14 (Hughes).

⁵⁷ *Ibid.*, p. 37 (Wappelhorst).

⁵⁸ *Ibid.*, p. 16 (Hughes).

⁵⁹ *Ibid.*

⁶⁰ *Ibid.*, p. 67 (Hughes).

⁶¹ *Ibid.*, p. 66 (Hughes).

⁶² *Ibid.*, p. 123 (Wappelhorst).

economy-grade rotors, it accepts a wider range of chemistry, a lower tensile strength, and a wider range of hardness than for the premium-grade rotors.⁶³ Moreover, Federal-Mogul indicated that

[w]hen we machine those braking surfaces we are always much finer and a lot closer tolerance on the braking surface for the premium as compared to the economy. The castings we used were better as far as from a balance standpoint on the premium, so you would expect better life from that. Also, from the better braking surface you would expect better life not only from the rotor itself but from the friction pad that rides on the part.⁶⁴

The Chinese respondents claimed in their posthearing brief that the premium rotors represented roughly 80 percent of the rotors sold in the U.S. market at the time of the original investigation, but that this share dropped to its current range of 15-20 percent.⁶⁵ They argued that currently all U.S. production of aftermarket brake rotors constitutes premium product, whereas the Chinese products are primarily economy-grade rotors.⁶⁶ In their response to the Commission's notice of institution in this review, the Coalition stated the following concerning the domestic and Chinese premium and economy lines of aftermarket brake rotors:

The Chinese industry produces premium and economy lines of rotors. The premium line tends to be more focused on trucks, APVs, SUVs and premium passenger cars applications. The economy line concentrates on high volume applications. However, there is cross competition between the two lines - many applications have an economy and a premium rotor available. For example, Aimco 55036 rotor model is made both for the premium and economy lines by the Chinese and for the premium line by the domestic industry, all of which compete. At one point, around 2001, the domestic industry was producing similar volumes of both economy and premium lines. However, over the past few years, due to the lower prices of the Chinese product, the volume of the economy line has grown to be higher than the volume of the premium line. With Chinese producers concentrating their exports on high volume rotor models, the domestic industry, in an effort to maintain and hopefully increase market share, is continuing to introduce new premium models for all but the very bottom end low-priced vehicles.⁶⁷

The Chinese respondents, however, claimed that virtually no competition exists "between the bulk of the subject imports and the domestic like product and any competition between subject imports and the domestic like product would continue to be attenuated after the antidumping duty order is revoked."⁶⁸

In its posthearing brief, Federal-Mogul claimed that "there has always been two market segments in the aftermarket rotor market – premium and economy grade." The firm noted that Chinese rotors are predominately economy grade, whereas the U.S. product is largely premium grade. Federal-Mogul went on to note that "while these products have always been interchangeable to a degree, each grade is a unique product segment . . . Premium rotors are sold to safety-conscious users, for high-end vehicle

⁶³ *Ibid.*, p. 67 (Wappelhorst).

⁶⁴ *Ibid.*, p. 48 (Wappelhorst).

⁶⁵ *Posthearing brief* of Chinese respondents, pp. Q-10-Q-11.

⁶⁶ *Ibid.*, pp. Q-11 and Q-23.

⁶⁷ *Response* of Coalition, August 21, 2007, pp. 5-6.

⁶⁸ *Posthearing brief* of Chinese respondents, p. Q-11.

applications, and for fleet sales.”⁶⁹ According to hearing testimony, the price differential between premium and economy rotors has resulted in “very limited competition” between the grades, with sales of the two types in different segments of the U.S. market to different customers at different prices.⁷⁰ In terms of differences in product pricing between premium and economy aftermarket brake rotors, the Chinese respondents claimed that premium aftermarket rotors are priced *** to *** percent higher than economy rotors in the U.S. market, pointing to a lack of “any price competition between premium and economy-grade rotors.”⁷¹ For more information concerning pricing data collected on premium and economy aftermarket brake rotors, see Part V of this report.

In response to a supplemental data request concerning premium and economy rotors, domestic producers Affinia and Federal-Mogul indicated that during the period examined in this five-year review, *** of their U.S. production was of the ***-grade rotors.⁷² Affinia also reported that *** were of *** grade during the six-year period examined in this review⁷³ and that *** were of the ***-grade rotors during 2002-07. Likewise, during the same period, Federal-Mogul reported that *** were of the ***-grade rotors⁷⁴ and that *** were of the *** grade.⁷⁵ In response to a similar supplemental request of the 12 Chinese producers that are parties to this review concerning their exports of premium and economy brake rotors to the United States, they indicated that during the six-year period examined in this review, *** of their exports of subject merchandise to the United States were of the economy-grade rotors.

Domestic Like Product Issues

In its original determination and its expedited five-year review determination, the Commission defined the domestic like product as all aftermarket brake rotors, coextensive with Commerce’s scope,⁷⁶

⁶⁹ *Posthearing brief* of Federal-Mogul, pp. 32-33.

⁷⁰ *Hearing transcript*, p. 16 (Hughes).

⁷¹ *Posthearing brief* of Chinese respondents, p. Q-23.

⁷² Affinia indicated ***. Likewise, Federal-Mogul reported ***.

⁷³ Affinia reported ***.

⁷⁴ Federal-Mogul reported ***. Federal-Mogul added that “***.”

⁷⁵ Federal-Mogul reported ***.

⁷⁶ The Commission stated in its views for the original investigation (final phase) that “[t]wo principal domestic like product issues exist in this investigation phase: (1) whether brake rotors and drums are distinct domestic like products; and (2) whether the domestic like product(s) should be limited, as is the scope, to non-OEM products, or should encompass OEM products as well.” The Commission determined that the record in the final phase of the original investigation concerning the distinctions between rotors and drums was the same as that in the preliminary phase, namely, that “rotors and drums do not operate in the same manner, are physically different, are not interchangeable, and are perceived differently by producers,” and, accordingly, found brake rotors and brake drums to be separate domestic like products.” The Commission also determined that the OEM rotors (and drums) and aftermarket rotors (and drums) are “different products made by different manufacturers serving different markets, notwithstanding their physical similarities.” Further, “[a]lthough the physical distinctions between OEM {rotors} and their aftermarket counterparts are minimal, and all brake {rotors} are devoted to essentially the same end use, any overlap that exists between the OEM and aftermarket products at issue is quite small in other respects pertinent to domestic like product analysis. Aftermarket and OEM {rotors} are not interchangeable for use on original equipment or for warranty work and appear to compete only minimally for use in nonwarranty work. Channels of distribution are overwhelmingly distinct. Production processes and facilities are, except in isolated exceptions, different. The evidence indicates that producers and their immediate customers perceive distinctions between OEM and aftermarket products.” Finally, the Commission included unfinished and semifinished rotors in the same like product as the finished product. *Certain Brake Drums and Rotors from China: Investigation No. 731-TA-744*

(continued...)

and it defined the domestic industry as all producers of aftermarket brake rotors. The Commission also determined in its original determination that appropriate circumstances existed to exclude AlliedSignal Automotive (“AlliedSignal”) from the domestic aftermarket rotor industry as a related party;⁷⁷ however, in its expedited first five-year review determination, the Commission noted that there was no information on the record that would indicate that appropriate circumstances existed to exclude any producer from the domestic industry.⁷⁸

In its notice of institution in this current five-year review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.⁷⁹ In its response to the notice of institution, the Coalition (then consisting of both domestic producers, Affinia and Federal-Mogul) indicated that it agreed with the Commission’s definition of the domestic like product and domestic industry.⁸⁰ The Chinese respondents, on the other hand, argued in their response that it was impossible to take a position on the issue of the domestic like product or domestic industry at that time. The respondents added that “were it not for the fact that no other entities exist to comprise a domestic industry, it would be appropriate to exclude Affinia and Federal-Mogul from the domestic industry as related parties due to their significant imports and shipments of subject merchandise from China.”⁸¹ In their posthearing brief, the Chinese respondents argued definitively that “the Commission should define the domestic like product in the same manner as in the original investigation and the first review and coextensive with the scope of the order.”⁸² In fact, no party requested that the Commission

⁷⁶ (...continued)

(*Final*), USITC Publication 3035, April 1997, pp. 4 and 8-9. In its views for the expedited first five-year review of the antidumping duty order, the Commission stated that “{n}o new facts have been presented in this review to warrant a conclusion different from that reached by the Commission in the original investigation.” *Brake Rotors from China: Investigation No. 731-TA-744 (Review)*, USITC Publication 3528, July 2002, p. 5.

⁷⁷ AlliedSignal was excluded from the domestic aftermarket rotor industry on the grounds that it imported subject rotors from China during the period of investigation and that its primary interest was in importation. One other firm (Kinetic) also imported subject rotors from China and another firm (ITT Automotive) was also a related party because it ***. The Commission did not exclude either ITT Automotive or Kinetic from the aftermarket rotor industry, however, since “importation is a common practice in the domestic aftermarket rotor industry, and each firm also maintains a significant domestic production presence.” The Commission also indicated that, “{m}oreover, ITT {Automotive} and Kinetic’s importation activities did not cause their financial performance on their domestic production to benefit vis a vis the domestic rotor producers that did not import subject rotors from China.” *Certain Brake Drums and Rotors from China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, pp. 14-15.

⁷⁸ *Certain Brake Drums and Rotors from China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, pp. 3-15; and *Brake Rotors from China: Investigation No. 731-TA-744 (Review)*, USITC Publication 3528, July 2002, pp. 4-6. As previously noted, the Commission’s domestic like product and domestic industry findings in the Section 421 investigation concerning *Certain Brake Drums and Rotors From China* were consistent with its previous findings in the underlying Title VII investigation and the first five-year review. *Certain Brake Drums and Rotors From China: Investigation No. TA-421-3*, USITC Publication 3622, August 2003, pp. 7-14.

⁷⁹ 72 FR 36037, July 2, 2007.

⁸⁰ *Response of Coalition*, August 21, 2007, p. 32.

⁸¹ *Response of Chinese respondents*, August 21, 2007, p. 20.

⁸² *Posthearing brief of Chinese respondents*, p. Q-7.

collect information regarding alternate domestic like products or domestic industries in their comments on the Commission's draft questionnaires.⁸³

In response to a Commission request concerning the next most similar domestic like product to aftermarket brake rotors, the Chinese respondents identified four alternative domestic like products most similar to the article subject to the review (i.e., high performance brake rotors, OEM brake rotors, drums, and raw castings) and Federal-Mogul identified three alternatives (i.e., raw castings, original equipment service ("OES")/OEM brake rotors, and high performance rotors). Concerning these alternative products, the Chinese respondents argued that "[e]ach and all of these products are sold in different segments of the U.S. market than subject aftermarket brake rotors from China, and overlap is virtually nonexistent. They may have similar physical characteristics, but they are sold through different channels of distribution, to different end uses, and are perceived to be different products by the consumer."⁸⁴ Federal-Mogul's statements concerning these alternative products were similar to those of the Chinese respondents but added that when considering physical characteristics and customer perception, a closer comparison to aftermarket brake rotors can be made with the OEM rotors.⁸⁵ Further information concerning these four alternative products are discussed below.⁸⁶

Raw Castings

According to Federal-Mogul, castings producers (i.e., foundries, such as Waupaca) "are hired to produce a mold and to pour the liquid material into the mold . . . ***'s entire expertise is in knowing how to produce a mold and in understanding how to pour gray iron into the mold so that it produces a high quality casting . . . the company's technology and investment is not specific to the rotor industry."⁸⁷ Federal-Mogul asserted that it essentially "provided *** with a 'recipe' for producing a casting, and *** charged Federal-Mogul for each input used to 'prepare' the casting, as well as for the final product."⁸⁸ According to Federal-Mogul, "*** does not have expertise in the rotor industry, or knowledge of how to produce rotors."⁸⁹ Federal-Mogul went on to note that aftermarket brake rotor producers have equipment and personnel dedicated to the production of such rotors, whereas casting producers such as *** do not invest in any of this type of equipment, presenting "a clear dividing line between a casting and unfinished, semi-finished and finished brake rotors."⁹⁰

Although castings producers (foundries) manufacture a wide variety of raw castings for different end-use applications, a raw casting for the production of aftermarket brake rotors has the essential characteristic of an aftermarket brake rotor and is dedicated to that end use. The Chinese respondents noted that "raw castings are essentially a component or 'semi-finished' articles that has to be further

⁸³ The Chinese respondents were the only party to provide the Commission with comments on the draft questionnaires in this review. Although the Coalition did not provide any comments on the draft questionnaires, it provided the Commission with two pricing items to include in the pricing sections of the questionnaires.

⁸⁴ *Posthearing brief* of Chinese respondents, pp. Q-7 and Q-19.

⁸⁵ *Posthearing brief* of Federal-Mogul, pp. 10-18.

⁸⁶ In addition, Waupaca stated that OES rotors should be treated as aftermarket rotors since they are also service parts.

⁸⁷ *Posthearing brief* of Federal-Mogul, p. 27.

⁸⁸ *Ibid.*, p. 28.

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*, p. 29.

processed to be sold to an end-user.”⁹¹ Such processing includes machining, drilling of holes, the addition of ABS sensors, and other finishing work, according to respondents. They also stated that the production of brake rotors from raw castings “involves significant costs and sophistica[ted] machining,” and that “the value of the final product can be as much as 50 percent higher than the value of the raw casting used as input.”⁹² Federal-Mogul reported that the raw casting, in addition to other raw materials, represents about *** percent of the total cost of manufacturing an aftermarket brake rotor but that the cost of the raw casting is primarily a function of the raw materials used to produce them.⁹³

Brake Drums

A different vehicle braking system uses brake drums where the braking action is created by a brake shoe being forced outward against the inside of a rotating drum. Brake drums are found primarily on the rear wheels of motor vehicles whereas brake rotors are usually used on the front wheels. Because the braking unit of rotors is not enclosed, disc brakes are generally more efficient in transferring the heat resulting from braking action.⁹⁴ This fact is particularly important for front-wheel-drive vehicles where the greater portion of vehicle weight and braking pressure is applied to the front wheel brake assemblies. The increased number of front-wheel-drive motor vehicles on the roads in the United States has contributed to greater demand for rotors, as has a design shift to a disc braking system using four, rather than two, rotors.⁹⁵

The Commission’s original investigation concerned both brake drums and rotors from China; however, the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of imports from China of certain brake drums that had been found by Commerce to be sold in the United States at LTFV.⁹⁶ The Commission determined in the original investigation and first five-year review that “rotors and drums do not operate in the same manner, are physically different, are not interchangeable, and are perceived differently by producers,” and, accordingly, found brake rotors and brake drums to be separate domestic like products.⁹⁷

OEM Brake Rotors

The only brake rotors that are subject to the antidumping duty order are those for the aftermarket, i.e., those that do not contain in the casting a logo of an OEM which produces vehicles sold in the United States. The Chinese respondents noted in their posthearing brief that they “understand there to be clear dividing lines between OEM and aftermarket brake rotors” and indicated that earlier Commission findings regarding differences between aftermarket and OEM brake rotors in terms of products,

⁹¹ *Posthearing brief* of Chinese respondents, p. Q-9.

⁹² *Ibid.*, pp. Q-9-Q-10.

⁹³ *Prehearing brief* of Federal-Mogul, p. 6; *Posthearing brief* of Federal-Mogul, p. 31.

⁹⁴ Rotors often are made with ventilating fins between the two rotor surfaces to improve rotor cooling.

⁹⁵ *Staff Report*, March 18, 1997 (INV-U-020), p. I-5-I-6.

⁹⁶ *Certain Brake Drums and Rotors From China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, p. 1.

⁹⁷ *Ibid.*, pp. 4 and 8-9; and *Brake Rotors From China: Investigation No. 731-TA-744 (Review)*, USITC Publication 3528, July 2002, p. 5.

manufacturers, and markets “continue to be the case.”⁹⁸ With no apparent “overlap between OEM and aftermarket brake rotors in the U.S. market,” they argued that the appropriate definition of domestic like product should remain limited to aftermarket brake rotors.⁹⁹

Federal-Mogul noted that OE brake rotors¹⁰⁰ are not at all similar to aftermarket brake rotors; they are not interchangeable with aftermarket rotors, they are sold through different channels, they are produced at separate facilities, and they are much more expensive than aftermarket brake rotors. Federal-Mogul claimed that substantial differences also exist in terms of product characteristics and customer perception. OE brake rotors have “unique physical characteristics” that differ from aftermarket rotors (as well as high performance rotors) and customers perceive aftermarket rotors differently than OE brake rotors.¹⁰¹ Federal-Mogul claimed that, as a result, there is “no substitutability between the original like product (aftermarket brake rotors) and the next most similar domestic like product (OE brake rotors).”¹⁰²

Original equipment brake rotors sold in the aftermarket are designated original equipment service (“OES”) parts, and are essentially the same as the OEM-certified parts. OES parts are generally supplied through licensed parts distributors and approved motor vehicle dealers. However, OES brake drums and rotors can be sold through traditional outlets such as service stations and repair shops. This scenario occurs when an end-user specifies the use of an OES replacement part to an installer or repair shop, which then purchases the OES brake drum or rotor from a licensed parts distributor or dealer.¹⁰³

OES brake drums and rotors are generally produced in large quantities on the same transfer lines used to produce OEM parts, and then dispersed to approved parts and distributors and dealers from inventory. In instances where a part is no longer available from inventory or an OEM supplier, the part can be outsourced from a non-OEM manufacturer.¹⁰⁴

With respect to OES rotors, Federal-Mogul indicated that “. . . the specifications *** were the same because we got to work with the OEM engineers in Detroit and had to meet their specifications for the OES product.”¹⁰⁵ The castings used in the production of OEM and OES brake rotors are the same as well.¹⁰⁶ ThyssenKrupp Waupaca, however, argues that OES rotors should be included as aftermarket parts because they are service parts.¹⁰⁷

High Performance Brake Rotors

High performance brake rotors are domestically manufactured for sale to the high performance/racing segment of the industry. Domestic firms that produce these rotors purchase raw castings, unfinished, semi-finished, or finished rotors and “perform extensive machining operations” in

⁹⁸ *Posthearing brief* of Chinese respondents, pp. Q-5-Q-6.

⁹⁹ *Ibid.*, p. Q-7.

¹⁰⁰ Includes those rotors sold to OE manufacturers and car dealers. *Posthearing brief* of Federal-Mogul, p. 13.

¹⁰¹ *Posthearing brief* of Federal-Mogul, pp. 12-15.

¹⁰² *Ibid.*, p. 17.

¹⁰³ *Certain Brake Drums and Rotors from China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, p. I-9.

¹⁰⁴ *Ibid.*, p. I-12.

¹⁰⁵ *Hearing transcript*, p. 52 (Wappelhorst).

¹⁰⁶ *Ibid.*, p. 68 (Wappelhorst).

¹⁰⁷ ThyssenKrupp Waupaca, written submission, April 24, 2008, p. 3.

the United States, adding value such as slots, drilled holes, aluminum adapters, and plating.¹⁰⁸ Such value added by these specialized producers “can double the final price of the brake rotor.”¹⁰⁹ The raw castings used to manufacture these rotors are produced from very specialized alloys or iron mixtures, and are significantly more expensive than raw castings used for even premium aftermarket brake rotors.¹¹⁰ Furthermore, tolerances for these high performance rotors are equivalent to or higher than even those for OEM brake rotors.¹¹¹ As a result, these high performance rotors are sold through “a completely different channel in the high performance segment of the U.S. market.”¹¹² In fact, the high performance rotors produced for the racing market are “highly customized” and are not considered a direct replacement part for the average passenger vehicle.¹¹³

CWD, the successor firm to PPG (aka Power Slot and StopTech), indicated *** that

* * * * *

Moreover, Federal-Mogul noted that, not unlike the comparison of OE rotors and aftermarket brake rotors, there are distinct differences in high performance rotors and the aftermarket brake rotors. High performance rotors are not interchangeable with aftermarket brake rotors, they are sold through different channels of distribution, they are produced at separate facilities from aftermarket rotors, and they are much more expensive than aftermarket brake rotors. As was the case with OE rotors, Federal-Mogul claimed that there are substantial differences in product characteristics and customer perception between high performance rotors and aftermarket brake rotors. High performance rotors have “unique physical characteristics” that are different than aftermarket rotors and the customers of these highly specialized products clearly perceive aftermarket rotors differently than the high performance product.¹¹⁴

U.S. MARKET PARTICIPANTS

U.S. Producers

During the Commission’s original Title VII investigation, brake rotors were manufactured in the United States by seven firms whose sales were directed primarily to the automotive aftermarket. These seven firms were Brake Parts, Inc. (“Brake Parts”); Excel; Iroquois Tool Systems, Inc. (“Iroquois”); ITT Automotive, Inc. (“ITT Automotive”);¹¹⁵ Kinetic Parts Manufacturing, Inc. (“Kinetic”); Overseas Auto Parts, Inc. (“Overseas”); and Wagner Brake Corp. (“Wagner”). All seven firms supplied the Commission with information on their U.S. operations with respect to aftermarket brake rotors during the original investigation. An eighth firm, Airtex, ceased its minimal production of aftermarket brake rotors during

¹⁰⁸ *Posthearing brief* of Chinese respondents, p. Q-24; *Telephone interview* with ***.

¹⁰⁹ *Posthearing brief* of Chinese respondents, p. Q-24.

¹¹⁰ *Ibid.*, pp. Q-24-Q-25.

¹¹¹ The Chinese respondents indicated that the Chinese producers are not currently capable of producing these highly specialized rotors for the high performance market. *Posthearing brief* of Chinese respondents, p. Q-25. In fact, *** indicated *** that “[f]oundries producing the advanced metallurgy and higher quality standards required by the performance industry are typically not found in China.”

¹¹² *Posthearing brief* of Chinese respondents, p. Q-24.

¹¹³ *Hearing transcript*, p. 108 (Woo).

¹¹⁴ *Posthearing brief* of Federal-Mogul, pp. 12-15.

¹¹⁵ ITT Automotive, which accounted for *** percent of total 1995 reported U.S. production of aftermarket brake rotors, *** in the original investigation.

1993-95 and a ninth firm, AlliedSignal,¹¹⁶ produced a small amount of aftermarket rotors but predominately manufactured original equipment manufacturer (“OEM”) product.¹¹⁷ The Commission’s staff report in the original investigation also indicated that independent foundries were not part of the Commission’s data set but that the petitioning firms’ postconference brief contained letters from four foundries (***) stating that they had significant additional capacity.¹¹⁸ The members of the Coalition on whose behalf the petition was filed consisted of the following four domestic producers of brake rotors: Brake Parts, Kinetic, Iroquois, and Wagner. These four firms together accounted for *** percent of reported U.S. production of brake rotors during 1995.¹¹⁹ During the original investigation, the largest U.S. producers produced their own castings in the United States and machined them into finished aftermarket brake rotors. Domestic production accounted for *** percent of apparent U.S. consumption in 1995.¹²⁰

During the Commission’s first review of the antidumping duty order, the Coalition identified the following six firms as producers of brake rotors in the United States: Dana, Federal-Mogul, Waupaca,¹²¹ TRW, Universal,¹²² and Honeywell (formerly AlliedSignal). The members of the Coalition during the Commission’s first review were Dana, Federal-Mogul, and Waupaca. These three firms together were believed to have represented from *** to *** percent of total U.S. production of aftermarket brake rotors in 2001.¹²³

The Coalition indicated in its response to the Commission’s notice of institution in the current review that Affinia and Federal-Mogul were the only remaining U.S. producers of the domestic like

¹¹⁶ The Commission excluded AlliedSignal from the domestic industry as a related party in the original investigation.

¹¹⁷ OEM brake rotors were not part of the subject merchandise and were determined by the Commission at that time not to be part of the domestic like product.

¹¹⁸ *Staff Report*, March 18, 1997 (INV-U-020), p. II-3.

¹¹⁹ *Ibid.*, pp. III-1 - III-3.

¹²⁰ *Prehearing brief* of Federal-Mogul, p. 4.

¹²¹ Waupaca, a subsidiary of the Budd Co./Thyssen Krupp Automotive, was an independent foundry that produced raw castings, some of which it sold to *** for finishing. At the time of the Commission’s first review of the order, the firm was in the process of expanding production at a sixth plant in Etowah, TN that was slated to produce mostly gray iron castings (including brake drums and rotors and other components for cars and a range of truck sizes) to be shipped to other companies (including OEMs) for finishing. The new plant was not fully operational as of December 2001. *Staff Report*, June 28, 2002 (INV-Z-099), p. I-13. Note that the Commission’s original staff report identified Waupaca as a producer of “unfinished rotors.” In this current review, Waupaca *** does not perform any finishing on the raw castings it produces. ***.

¹²² Universal, which was incorporated in January 1994, manufactured over 700,000 brake rotors annually at the time of the Commission’s first review. The firm primarily purchased the raw iron castings from Waupaca and sourced over 3 million brake rotors and drums from overseas manufacturing partners to complement its internally manufactured product lines (from public information cited in *Staff Report*, June 28, 2002 (INV-Z-099), p. I-14).

¹²³ *Staff Report*, June 28, 2002 (INV-Z-099), pp. I-12-I-13.

product during 2006.¹²⁴ However, Federal-Mogul indicated *** in this current review that it permanently ceased domestic production of aftermarket brake rotors in September 2007.

As indicated above, the domestic aftermarket brake rotor industry has undergone major restructuring since the Commission's original investigation. Bankruptcies, consolidations, reorganizations, and closures have changed the composition of the domestic industry. Some domestic producers closed their operations permanently, while others were initially acquired out of bankruptcy and continued to operate for a time. Major changes in the structure of the domestic industry from the original investigation to the present review are detailed in table I-5 and are illustrated in figure I-1.¹²⁵

In this second five-year review, the Commission mailed U.S. producer questionnaires to Affinia and Federal-Mogul, known domestic producers of the aftermarket brake rotors. The Commission also sent U.S. producer questionnaires to Brembo; Coleman Machine; Honeywell International Inc. ("Honeywell"); CWD;¹²⁶ Performance Friction; PowerStop; ThyssenKrupp Waupaca ("Waupaca"); and Wilwood.¹²⁷ Domestic producers Affinia and Federal-Mogul provided information concerning their aftermarket brake rotors operations in response to the Commission's producer questionnaire. Waupaca, an independent foundry that produces raw castings in the United States, and CWD, a specialized finisher for the "high performance" rotor market, also provided certain information in response to the Commission's producer questionnaire. Wilwood, on the other hand, responded to the Commission's request for information by indicating that ***.¹²⁸ Although it did not provide a response to the

¹²⁴ The Coalition added that there are several small, low-volume, niche-market producers of specialty products in the United States, such as for the racing industry. Three of these companies include PowerStop, Wilwood Engineering ("Wilwood"), and PPG. The Coalition argued, however, that these firms do not produce brake rotors and are not part of the domestic industry that services the general automobile and light truck aftermarket. The Coalition explained that these firms simply purchase imported or domestically produced rotors and perform specialized machining on them. *Response of Coalition*, August 21, 2007, pp. 20-21. In fact, Wilwood *** was not a producer of aftermarket brake rotors. CWD, the successor firm to PPG and StopTech, provided a response to the Commission's producer questionnaire. In its response, CWD indicated that it ***. *** the price of the final specialized rotor it markets. The Chinese respondents reported that these types of companies perform extensive machining operations to transform the rotors into "high performance" rotors. In fact, they indicated that the value added to these "high performance" rotors can often double the final price of the brake rotor. Moreover, the final product is sold through a different channel in the high performance segment of the U.S. market. These rotors also use castings produced from very specialized alloys or iron mixtures and are significantly more expensive than those used for aftermarket brake rotors. They added that the Chinese producers are not capable of making rotors for this market segment. *Posthearing brief of respondents*, pp. Q-24-Q-25.

¹²⁵ Only firms identified as domestic producers in the Commission's staff reports in the original investigation and first review are shown in table I-5 and figure I-1. Firms identified as possible domestic producers in this second five-year review (such as those for the specialty "high performance" aftermarket) are not identified in table I-5 and figure I-1 but are discussed throughout this report, as appropriate.

¹²⁶ CWD acquired StopTech in April 2006 and PPG (aka Power Slot) in October 2007. These producing firms are collectively referred to as "CWD" in the remainder of this report, unless otherwise specified.

¹²⁷ Staff sent the Commission's producer questionnaire to six of these eight additional firms on two separate occasions (by overnight courier and by fax) in an attempt to solicit a response. The Commission also sent producer questionnaires to Coleman Machine and Performance Friction after counsel for the Chinese interested parties identified these two additional firms as possible domestic producers of aftermarket brake rotors by letter dated March 19, 2008.

¹²⁸ ***. *Posthearing brief of Federal-Mogul*, pp. 24-25.

Table I-5

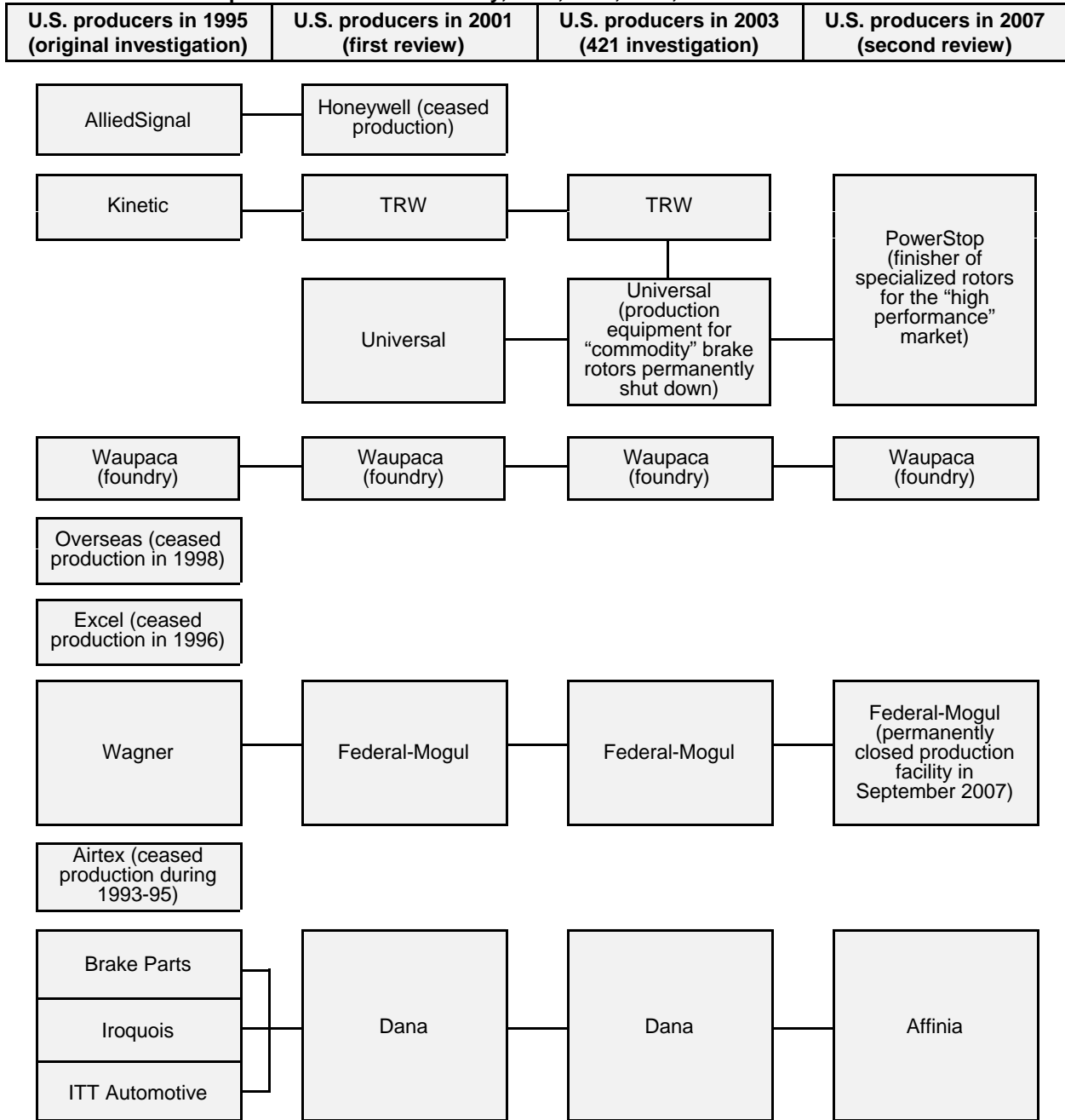
Brake rotors: Changes in the structure of the U.S. industry

Firm	Event
Airtex	Airtex ceased its minimal production of aftermarket brake rotors during 1993-95.
Allied Signal	Honeywell, a leader in diversified technology and manufacturing, merged with AlliedSignal in December 1999. At the time of the Commission's first review, AlliedSignal's Bendix brand rotors were being manufactured and sold under the Honeywell name for both the OEM and aftermarket. Honeywell indicated in its questionnaire response in the Commission's 421 investigation that it ***.
Brake Parts	Echlin, the parent company of Brake Parts, was acquired by Dana Corp. in July 1998. At the time of the Commission's first review, Brake Parts was known as the Brake and Chassis Division of Dana Corp. ("Dana"). Dana's Aftermarket Automotive Group was purchased by Affinia, a division of the Cypress Group, in 2004.
Excel	Excel ceased production in early 1996 and filed for bankruptcy. On Sept. 17, 1996, Excel was adjudicated as a chapter 7 debtor. In its preliminary questionnaire for the original investigation, Excel stated that ***.
Iroquois	Iroquois was purchased in December 1996 by Echlin (the parent company of Brake Parts), which, subsequently merged with Dana. Dana's Aftermarket Automotive Group was purchased by Affinia in 2004.
ITT Automotive	ITT Automotive's aftermarket rotor business (sold under the brand name AIMCO) was acquired by Echlin, the parent company of Brake Parts, in 1997; Echlin subsequently merged with Dana in late 1998. Affinia purchased Dana's Aftermarket Automotive Group in 2004.
Kinetic	Kinetic's name was changed to Autospecialty Co. and the firm was sold to Lucas Industries Group/Lucas Varsity PLC ("Lucas") in February 1997; Lucas, in turn, was purchased by TRW Aftermarket/TRW Automotive/ TRW Group ("TRW") in March 1999. TRW was then purchased by Northrop-Grumman in December 2002. Northrop-Grumman retained the defense business but sold off the automotive section to The Blackstone Group in February 2003. In January 2004, the brake rotor facilities were sold to Universal, which filed for Chapter 11 bankruptcy in 2005. Power Stop, a domestic producer of high performance rotors, purchased Universal's assets in September 2005. Universal's production equipment for the "commodity" aftermarket brake rotors had been permanently dismantled and disposed of prior to PowerStop's acquisition of the company.
Overseas	Overseas, with the exception of one minor shipment of rotors to Dana in mid-2002, stopped manufacturing brake rotors for the aftermarket in mid-1998.
Wagner	Wagner's parent company, Cooper, was acquired by Federal-Mogul in October 1998. Federal-Mogul filed voluntary Chapter 11 petitions for reorganization in the U.S. Bankruptcy Court for the District of Delaware on October 1, 2001. The restructuring proceedings were initiated in response to a sharply increasing number of asbestos-related claims and their demand on the company's cash flows and liquidity. Federal-Mogul permanently closed its U.S. production facilities in September 2007. Federal-Mogul's emergence from bankruptcy became effective on December 27, 2007, with its reorganization plan.
Waupaca	Waupaca, a subsidiary of the Budd Co./Thyssen Krupp Automotive, is an independent foundry that produces raw castings for aftermarket brake rotors.

Source: *Staff Report*, March 18, 1997 (INV-U-020), pp. III-1 - III-3; *Staff Report*, June 28, 2002 (INV-Z-099), pp. I-12 - I-14; *Staff Report*, July 29, 2003 (INV-AA-107), pp. I-3, I-18, and I-19; *Response of Coalition*, August 21, 2007, pp. 20-21; *Cypress Group Acquiring Dana's Automotive Aftermarket Group*, The eBearing News, <http://www.ebearing.com/news2004/072001.htm>, July 20, 2004, retrieved on July 16, 2007; *News Release: Rapid Response Team Activated to Aid Universal Automotive Industries Employees*, Missouri Department of Economic Development, <https://edis.usitc.gov/hvweb/hvweb.dll?displaydocument&283097>, November 1, 2002, retrieved on July 16, 2007; *Universal Automotive Acquires Certain Assets of TRW Automotive's Kelsey-Hayes Subsidiary*, Universal Automotive, Inc. Press Release, January 12, 2004, <http://www.secinfo.com/dsvRm.132.d.htm>, retrieved on September 20, 2007; *Universal Automotive Seeks Chapter 11 Protection*, Universal Automotive, Inc. Press Release, May 25, 2005, <http://www.secinfo.com/dsvRm.z6nj.c.htm>, retrieved on July 16, 2007; *PowerStop, LLC Acquires the PowerStop and Other Business Assets from Universal Automotive Industries*, Power Stop Company History, September 13, 2005, http://www.universalbrake.com/html/company_history.html, retrieved on July 16, 2007; *Welcome to the Federal-Mogul Corporation Reorganization Web Site*, Federal-Mogul, <http://www.fmoplan.com/>, retrieved on March 13, 2008; *Federal-Mogul Corp. Form 10-K, Fiscal Year Ended December 31, 2006*, p. 4; *telephone interview* with Jim Guerino, PowerStop, April 30, 2008..

Figure I-1

Brake rotors: The composition of the U.S. industry, 1995, 2001, 2003, and 2007



Source: Compiled from information submitted in response to Commission questionnaires; *Staff Report*, March 18, 1997 (INV-U-020), pp. III-1 - III-3; *Staff Report*, June 28, 2002 (INV-Z-099), pp. I-12 - I-14; *Staff Report*, July 29, 2003 (INV-AA-107), pp. I-3, I-18, and I-19; and table I-5, *infra*.

Commission's producer questionnaire, counsel for Performance Friction filed public letters on two separate occasions with the Commission stating the following:

Performance Friction would like to correct the record by stating that it is a U.S. producer of domestic like product, with 100 percent of its brake calipers, rotors and pads produced in its state of the art production plant located in Clover, South Carolina. This 200,000 square foot plant employs over 200 employees and supplies Original Equipment Truck Manufacturers, hundreds of major fleets, major automotive retailers, thousands of brake installers and automotive manufacturers in the domestic and international markets. In addition to servicing the general automobile, truck, and light truck aftermarket, Performance Friction also provides domestically produced brake calipers, rotors and pads for the racing industry globally.¹²⁹

Evidence indicates that Brembo and Honeywell no longer produce brake rotors in the United States.¹³⁰ No responses to the Commission's U.S. producer questionnaire were received from Coleman Machine and PowerStop. The Coalition indicated in its response to the Commission's notice of institution in this review that PowerStop, PPG,¹³¹ and Wilwood were small, low-volume, niche-market producers of specialty products for the racing industry and that they do not actually produce the rotors they market but simply perform specialized machining on purchased or imported rotors. The Coalition indicated that it does not believe that these types of companies are part of the domestic industry.¹³² Likewise, the Chinese respondents and Federal-Mogul argued that foundries producing only raw castings and other niche-market producers of specialty rotors should not be deemed part of the aftermarket brake rotor industry in this review.¹³³ Waupaca responded as follows: "We do not finish the castings so we cannot argue against this narrow definition of producer as given in this investigation but all U.S. foundries are essential to the domestic production of aftermarket brake rotors."¹³⁴

Affinia indicated in its questionnaire response ***. Federal-Mogul, however, indicated in its questionnaire response ***.¹³⁵ Independent foundry Waupaca indicated in its questionnaire response ***. CWD, a finisher of "high performance" rotors, indicated in its questionnaire response ***. In public correspondence filed with the Commission by Performance Friction, the company noted only that it "is a domestic producer of brake calipers, rotors and pads impacted by the practices subject to the instant

¹²⁹ *Letters to Marilyn R. Abbott from Michael J. Mlotkowski, Roberts Mlotkowski & Hobbes, April 14, 2008 and April 24, 2008.*

¹³⁰ The domestic interested parties indicated in their response to the Commission's notice of institution in this review that Brembo is no longer manufacturing rotors in the United States. *Response of Coalition, August 21, 2007, p. 21.* In fact, according to the company website, Brembo's only production location in North America is in Mexico. <http://www.brembo.com/ENG/AboutBrembo/CompanyOverview/BremboGroup/BremboNA>, retrieved on September 19, 2007. Although it did not provide a response to the Commission's producer questionnaire, Honeywell *** does not produce aftermarket brake rotors in the United States.

¹³¹ As indicated earlier, CWD acquired PPG (aka Power Slot) in October 2007 and StopTech in April 2006.

¹³² *Response of Coalition, August 21, 2007, pp. 20-21.*

¹³³ *Posthearing brief of Chinese respondents, p. Q-10; Posthearing brief of Federal-Mogul, pp. 25-32.*

¹³⁴ *Letter to the Honorable Marilyn R. Abbott from Kris Pfaehler, ThyssenKrupp Waupaca, April 24, 2008.*

¹³⁵ At the time of the Coalition's filing of the response to the Commission's notice of institution, both Federal-Mogul and Affinia were members of the Coalition in support of the continuation of the antidumping duty order. *Response of Coalition, August 21, 2007, p. 4.* Federal-Mogul permanently ceased domestic production of aftermarket brake rotors and subsequently withdrew from the Coalition. *Letter to Marilyn R. Abbott from Porter, Wright, Morris and Arthur, LLC, February 8, 2008.*

review” but it did not indicate its position on the antidumping duty order. Details regarding each responding firm’s production location(s), share of 2007 production, parent company, and position on the order are presented in table I-6.

**Table I-6
Brake rotors: U.S. producers, locations, parent companies, positions on the order, and shares of 2007 production**

Firm	Product	Production location(s)	Parent company	Position on order	Share of 2007 production (percent)
Affinia	Aftermarket brake rotors	McHenry, IL ¹ North East, PA ¹ Litchfield, IL Waupaca, WI	Cypress Corp. (New York, NY)	Support	***
Federal-Mogul	Aftermarket brake rotors	St. Louis, MO ²	None	Oppose	***
Waupaca	Raw castings for aftermarket brake rotors	Waupaca, WI	ThyssenKrupp Technologies Inc. (Germany)	Support	(³)
CWD	High performance brake rotors	Carson, CA (Centric Parts) Compton, CA (StopTech) Chatsworth, CA (PPG/aka Power Slot)	CWD (Carson, CA)	***	(⁴)

¹ Affinia permanently shut down its production operations at its McHenry facility ***. ***. Affinia permanently closed its North East facility ***. ***.

² Federal-Mogul’s Century Plant in St. Louis, MO, was engaged in the production of aftermarket brake rotors until it closed in September 2007. In the absence of any domestic production facilities, the company listed its corporate office in Southfield, MI, as its company location.

³ Waupaca supplied a total of *** raw castings (valued at \$***) to domestic aftermarket brake rotor producers ***. Waupaca’s U.S. shipments of raw castings accounted for *** percent of *** domestic production of finished aftermarket brake rotors during 2007.

⁴ CWD ***. During 2007, CWD shipped *** of its “high performance” rotors to the specialty market. CWD’s total shipments of “high performance” rotors accounted for *** percent of *** domestic production of finished aftermarket brake rotors during 2007.

Source: Compiled from information submitted in response to Commission questionnaires and *Response of Coalition*, August 21, 2007, p. 3.

Although both Affinia and Federal-Mogul reported that they are U.S. importers of aftermarket brake rotors, neither indicated *** that they have any other related firms, either domestic or foreign, which are engaged in importing aftermarket brake rotors from any country into the United States or which are engaged in exporting aftermarket brake rotors from any country to the United States. However, both firms *** have certain business affiliations with firms in China, and Affinia *** produces aftermarket brake rotors in countries other than China and the United States.

*** Affinia *** produces aftermarket brake rotors in Argentina (Armetal Brakes) and Venezuela (Affinia Venezuela). In addition, in the Coalition’s response to the Commission’s notice of institution in this review, Affinia indicated that it has several business affiliations with firms in China. It reported that, ***, it entered into a joint venture agreement with MAT Holdings, Inc. (“MAT Holdings”), which is owned by Mr. Steve Wang, ***. Affinia also reported that Mr. Steve Wang, MAT Holdings’ owner, has an ownership interest in four firms in China from which Affinia purchases significant quantities of

aftermarket Chinese brake rotors.¹³⁶ Affinia indicated, however, that its purchases of brake rotors from these four suppliers ***.¹³⁷

Federal-Mogul indicated in the Coalition's response to the Commission's notice of institution in this review that it owns, directly or indirectly, *** of five entities in China which produce automotive parts other than brake rotors for the aftermarket ***. It identified the following five entities: (1) Federal-Mogul (Shanghai) Automotive Co. Ltd., a distribution and engineering business; (2) Federal-Mogul Qingdao Automotive Co. Ltd., a manufacturing facility ***; (3) Federal-Mogul Sealing Systems Co., a manufacturer of sealing products for vehicles; (4) Federal-Mogul Friction Products Co. Ltd., a manufacturer of friction materials for vehicles; and (5) Federal-Mogul Champion Spark Plug (Guangzhou) Co. Ltd., a producer of ignition products. Federal-Mogul also reported that it has *** in the following three Chinese entities: (1) Federal-Mogul Shanghai Bearings Co. Ltd., a producer of engine bearings; (2) Federal-Mogul Qingdao Piston Co. Ltd., a producer of pistons; and (3) Anqing TP Goetze Piston Ring Co. Ltd., ***. Federal-Mogul reported that it has no other ownership interests or joint ventures in China and that none of the entities listed above produces and/or exports aftermarket brake rotors to the United States.¹³⁸

Waupaca indicated in its questionnaire response that ***. CWD indicated in ***.

U.S. Importers

In the original investigation, 26 firms (including 2 U.S. producers),¹³⁹ accounting for nearly all of subject imports, reported data to the Commission on their imports of brake rotors from China. Six firms (***) were responsible for *** of subject brake rotor imports from China in 1995. Most of the reporting firms were independently owned importer brokers and/or distributors, although several were related to Chinese exporters or manufacturers. ***.¹⁴⁰

In its response to the Commission's notice of institution in the first review, the Coalition identified 43 firms that imported subject brake rotors from China into the United States.¹⁴¹ The domestic interested parties in this second five-year review identified 50 companies that imported subject rotors into the United States from China and the Chinese respondents listed 36 companies as U.S. importers of brake rotors from China.¹⁴² The Chinese respondents reported in their response to the Commission's notice of institution in this review that, in 2007, Affinia and Federal-Mogul were among the largest importers of subject merchandise in the U.S. market.¹⁴³

In this current review, 21 U.S. importers responded to the Commission's request for information by supplying usable import data. As indicated earlier, based on official Commerce statistics for imports

¹³⁶ These four firms are: Laizhou Luyuan Automobile Fitting Co. ("Laizhou Luyuan"); Shenyang Honbase Machinery Co. Ltd. ("Shenyang"); MAT Automotive, Inc. ("MAT Automotive"); and GRI Engineering & Development ("GRI"). Laizhou Luyuan and Shenyang are Chinese exporters of brake rotors to the United States and MAT Automotive and GRI are U.S. importers of subject merchandise from China. *Supplemental Response of Coalition*, September 6, 2007.

¹³⁷ Affinia provided the following information as it relates to brake rotors (from China or any other country): "****." *Supplemental Response of Coalition*, September 6, 2007.

¹³⁸ *Supplemental Response of Coalition*, September 6, 2007.

¹³⁹ ***.

¹⁴⁰ Staff Report, March 18, 1997 (INV-U-020), pp. IV-1-IV-2.

¹⁴¹ *Staff Report*, June 28, 2002 (INV-Z-099), p. I-20.

¹⁴² *Response of Coalition*, August 21, 2007, pp. 21-24; and *Response of Chinese respondents*, August 21, 2007, p. 15.

¹⁴³ *Response of Chinese respondents*, August 21, 2007, p. 20.

of brake rotors (both OEM and aftermarket), importers' questionnaire data accounted for 36.3 percent of total U.S. imports during 2007 and 57.5 percent of total imports from China in 2007.¹⁴⁴ Based on export data provided in foreign producer questionnaire responses, the subject import data obtained through importer questionnaires accounted for 67.6 percent of reported exports of subject merchandise to the United States from China in 2007. Twenty of the reporting U.S. importers of aftermarket brake rotors are located in four major geographic areas in the United States: the Illinois and Michigan area; the Virginia, Tennessee, and South Carolina area; the Connecticut, Massachusetts, New Jersey, and New York area; and California. One reporting U.S. importer of record is located in Toronto, Canada. Table I-7 presents a summary of information regarding the 21 reporting U.S. importers of aftermarket brake rotors.

Table I-7

Brake rotors: Reporting U.S. importers, parent companies, locations, sources of imports, and shares of reported U.S. imports, 2007

* * * * *

As indicated in table I-7, reported U.S. imports of aftermarket brake rotors were concentrated among a few firms during 2007. The largest importer, ***, accounted for *** of total reported imports during 2007. The top five importers accounted for more than three-fourths of total reported imports during 2007,¹⁴⁵ and the next largest three importers accounted for 17 percent of reported imports in that year,¹⁴⁶ yielding a total of 95 percent of total reported imports in 2007 handled by eight importers. All but one of the importers that responded to the Commission's questionnaire reported imports of subject aftermarket brake rotors from China; 11 of these imported aftermarket brake rotors from both subject and nonsubject sources and nine imported only subject merchandise from China. *** reported that its direct imports were from only nonsubject sources in ***.

In its questionnaire, the Commission requested U.S. importers to indicate whether they have any other related firms, either domestic or foreign, which are engaged in (1) importing aftermarket brake rotors from any country into the United States, (2) exporting aftermarket brake rotors from any country to the United States, and/or (3) producing aftermarket brake rotors in any country, domestic or foreign. Four responding U.S. importers (***) identified such relationships; the remaining 17 U.S. importers responding to the Commission's importer questionnaire indicated that they have no such relationships with importers, exporters, or producers. ***. ***. Importer Uquality Automotive Parts Corp. ("Uquality") reported ***.

U.S. Purchasers

Purchasers' questionnaires were sent to 37 firms identified as purchasers of aftermarket brake rotors. Responding purchasers, locations, sources of purchases, and the type of firm are presented in table I-8.

¹⁴⁴ The coverage figures presented are somewhat understated because the HTS category under which the subject merchandise is classified is a much broader category.

¹⁴⁵ ***.

¹⁴⁶ ***.

Table I-8
Brake rotors: Purchasers, locations, sources of purchases, and type of firm

* * * * *

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Citing the *Frost & Sullivan Report* in its response to the Commission’s notice of institution in this current review, the Coalition indicated that “[d]emand for brake rotors is driven by a number of factors, such as the quantity of vehicles in use, average miles driven per year, average age of vehicles and the driving behavior of the population.”¹⁴⁷ The Coalition further reported that the *Frost & Sullivan Report* shows the aftermarket for the brake rotor industry increasing at a rate of about 2.2 percent per year.¹⁴⁸ The domestic interested parties also reported that although the U.S. aftermarket brake rotor industry has shifted substantially to economy rotors, which has resulted in higher replacement rates for brake rotors, a potential restraint on the market is forecast in the future in view of the higher prices of gasoline. They explained that the average miles driven per year is expected to diminish in the future with the gradual change in the driving behavior of the population, which will translate into the longer life of rotors and fewer replacements.¹⁴⁹ The Chinese respondents, on the other hand, indicated that the demand for aftermarket brake rotors is expected to increase “on a steady basis” in the United States in the future and that the demand for aftermarket brake rotors in China and other markets, especially Asia, is expected to increase “exponentially.”¹⁵⁰ It explained that the expected growth in the demand for aftermarket brake rotors in China “will follow the phenomenal growth in the number of automobiles sold in China.”¹⁵¹

Table I-9 presents U.S. shipments of domestic and imported aftermarket brake rotors and apparent U.S. consumption for 2002-07, as obtained through Commission questionnaire responses in this review and from official import statistics. Table I-10 presents total U.S. consumption and market shares for the same period. Apparent U.S. consumption (on the basis of quantity) was *** percent higher in 2007 than in 2002, increasing in each year except for 2004. The share of domestic consumption (on the basis of quantity) held by U.S. producers of aftermarket brake rotors declined by *** percentage points from *** percent in 2002 to *** percent in 2007. Likewise, the share held by imports from countries other than China fell by *** percentage points in the same period. On the other hand, the share of domestic consumption (on the basis of quantity) held by subject imports from China increased overall by *** percentage points from *** percent in 2002 to *** percent in 2007. The share (on the basis of quantity) held by nonsubject imports produced by Chinese companies excluded from the order also increased overall from 2002 to 2007 by *** percentage points.

¹⁴⁷ *Response of the Coalition*, August 21, 2007, p. 29.

¹⁴⁸ *Ibid.*, p. 16.

¹⁴⁹ *Ibid.*, pp. 29-30.

¹⁵⁰ *Response of Chinese respondents*, August 21, 2007, pp. 9 and 19.

¹⁵¹ *Ibid.*

Table I-9

Brake rotors: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 2002-07

Item	2002	2003	2004	2005	2006	2007
Quantity (1,000 rotors)						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from--						
China (subject)	7,703	12,882	14,961	17,743	23,796	33,073
China (nonsubject)	5,549	6,951	3,809	4,570	7,738	13,492
Other sources	42,300	38,075	32,259	39,658	41,691	37,170
Total sources	55,551	57,908	51,030	61,971	73,225	83,735
Total U.S. consumption	***	***	***	***	***	***
Value (\$1,000)¹						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from--						
China (subject)	52,315	93,412	117,655	158,994	202,200	283,907
China (nonsubject)	32,822	44,162	26,952	32,027	51,310	100,468
Other sources	592,580	565,743	523,590	472,382	538,848	507,633
Total sources	677,717	703,317	668,197	663,403	792,358	892,009
Total U.S. consumption	***	***	***	***	***	***
Unit value (per rotor)						
U.S. producers' U.S. shipments	\$***	\$***	\$***	\$***	\$***	\$***
U.S. imports from--						
China (subject)	6.79	7.25	7.86	8.96	8.50	8.58
China (nonsubject)	5.91	6.35	7.08	7.01	6.63	7.45
Other sources	14.01	14.86	16.23	11.91	12.92	13.66
Total sources	12.20	12.15	13.09	10.71	10.82	10.65
Total U.S. consumption	***	***	***	***	***	***
<p>¹ F.o.b. U.S. point of shipment for U.S. producers' U.S. shipments and landed, duty-paid for imports.</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce import statistics. The quantity of imports from China (subject) is the quantity of exports to the United States compiled from foreign producer questionnaire responses. The value of imports from China (subject) is constructed by multiplying the average unit value of U.S. shipments of imports of subject product calculated from importer questionnaire responses by the quantity of exports to the United States. The quantity and value of U.S. imports from China (nonsubject) and other sources are from official Commerce import statistics, including proprietary statistics from U.S. Customs and Border Protection.</p>						

Table I-10
Brake rotors: Total U.S. consumption and market shares, 2002-07

* * * * *

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

MARKET CHARACTERISTICS/CHANNELS OF DISTRIBUTION

Aftermarket brake rotors are used in automobiles as replacement parts. The demand for aftermarket brake rotors is determined by a number of factors, including the number of vehicles in use, the average age of vehicles, and the average number of miles driven in a year.¹ Aftermarket brake rotors are available in economy and premium grades. According to domestic producers, premium rotors are heavier, more expensive, and tend to last longer. Domestic producers note that the aftermarket brake rotor industry has shifted substantially to economy rotors and because of the lower cost of this type of brake rotors, the market has shifted more towards replacement rather than resurfacing.²

Aftermarket brake rotors have generally been sold to automotive parts distributors, retail outlets, and end users. U.S. producers reported that *** of their shipments of brake rotors during the period of review were to automotive parts distributors. Importers of brake rotors from China reported selling to both distributors and to end users. Data submitted in this review indicate that *** U.S. shipments of imported Chinese brake rotors were to distributors. One importer, ***, reported some shipments to end users; however, shipments to distributors accounted for *** percent of *** total shipments during the period 2002-07.

*** reported shipping brake rotors nationwide and a number of importers (six firms) reported also doing so (table II-1). Some of the responding importers reported that they served regional markets such as the Northeast, Midwest, Southeast, and the Southwest.

Table II-1
Brake rotors: Geographic market areas in the United States served by domestic producers and importers

Region	Producers	Importers ¹
National	2	7
Northeast	0	3
Mid-Atlantic	0	1
Midwest	0	6
Southeast	0	3
Southwest	0	1
Rocky Mountains	0	0
West Coast	0	2
Northwest	0	0

¹ Importers' responses in this table do not include the responses of firms that are also U.S. producers. Both U.S. producers also imported brake rotors and their responses ***. In addition, some importers reported nationwide sales and then also reported specific geographic market areas; their responses are only noted as nationwide as that encompasses all other market areas.

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

¹ Response of Coalition, August 21, 2007, p. 29.

² Ibid.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that Affinia has the ability to respond to changes in demand with small to moderate changes in shipments of U.S.-produced brake rotors to the U.S. market. Should demand increase, Affinia has some unused capacity and relatively *** with which it could respond.³ Should demand decrease, however, Affinia may be constrained in its ability to move product into export markets or to switch resources into producing alternative products.

Industry capacity

Overall, U.S. producers' capacity for brake rotors was constant at *** units from 2002 to 2006; however, in 2007, total capacity declined to *** brake rotors. During that time, production of brake rotors declined steadily; thus, U.S. producers' capacity utilization decreased during the period of review. Capacity utilization declined from *** percent in 2002 to *** percent in 2007. Based on these data, U.S. producers have some available capacity which could be used to increase the production of brake rotors in the event of a price increase.⁴

Alternative markets

Exports of brake rotors, as a share of total shipments, ranged from a low of *** percent in 2006, to a high of *** percent in 2005, and was *** percent in 2007. These export shares suggest that U.S. producers have some ability to shift sales to alternative markets in response to changes in demand. Questionnaire responses from the two U.S. producers indicate that they believe it would be ***, particularly in the short-term. *** noted that, since ***. *** reported that the ability to shift between different markets is "****."

Inventory levels

U.S. producers' inventories of aftermarket brake rotors, as a share of total shipments, ranged from a low of *** percent in 2006 to a high of *** percent in 2007; other than the one-year low in 2006, U.S. producers' inventories (as a percent of total shipments) were greater than *** percent in all years. *** inventories such as these could be used to respond quickly to an increase in demand for brake rotors.

³ It is important to note that although available data indicate that there is unused capacity for ***, the overall level of U.S. capacity to produce brake rotors was much lower in 2007 than it was during earlier years of the period of review; thus, U.S. producers' supply responsiveness is constrained by this *** level of capacity.

⁴ As noted, overall capacity to produce brake rotors declined as Federal-Mogul permanently shut down its domestic production facilities in September 2007 and Affinia permanently closed its McHenry, IL facility. Federal-Mogul stated that its "production facilities haven't been mothballed, they are not temporarily shut down...the facilities are gone" (*hearing transcript*, p. 35 (Mintzer)). Thus, while there is unused capacity, the degree to which U.S. producers could increase production is constrained by the *** level of existing overall capacity.

Production alternatives

*** reported that they do not have the ability to manufacture other products using the same equipment, machinery, and workforce as are used in the production of aftermarket brake rotors. *** reported that they do not produce other products on the same equipment and machinery and/or use the same production and related workers as for aftermarket brake rotors. ***, however, did note that, in addition to aftermarket brake rotors, they produce brake rotors for the OEM market. Affinia later reported ***.

Subject Imports from China

Based on information provided by 11 producers of brake rotors from China, suppliers of imports of brake rotors from China have the ability to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by some available capacity, but is constrained by small non-U.S. export markets and a small home market and relatively low level of existing inventories.

Industry capacity

Reported capacity of the responding Chinese producers increased steadily from 13.7 million brake rotors in 2002 to 39.8 million brake rotors in 2007. During that period, production of brake rotors in China also increased steadily, rising from 9.1 million brake rotors in 2002 to 35.6 million brake rotors in 2007. Since production generally rose faster than capacity, capacity utilization rates also increased over the period of review. Capacity utilization for responding Chinese producers increased from 66.3 percent in 2002 to 89.7 percent in 2007. This level of available capacity indicates that responding Chinese producers have a limited ability to increase production and shipments to the United States in response to changes in price.

Alternative markets

Available data from the responding Chinese producers of brake rotors indicates that the U.S. market has been the largest outlet for Chinese producers. Export shipments to the United States, as a share of total shipments, accounted for between 79.8 and 92.2 percent during 2002 to 2007. Shipments of brake rotors to the Chinese home market varied from a high of 12.4 percent of total shipments (in 2005) to a low of 1.5 percent (in 2007). Exports to non-U.S. markets accounted for between 6.3 and 10.9 percent of total shipments during the period of review. The relatively small size of the Chinese home market and non-U.S. export markets suggests that responding Chinese brake rotor producers may be somewhat constrained in their ability to shift sales to the United States in response to changes in price.⁵

Inventory levels

Responding Chinese producers' inventory levels, as a percentage of total production, fluctuated from a low of 2.1 percent (in 2007) to a high of 9.3 percent (in 2005). The most recent annual data suggest that Chinese producers have a limited ability to use available inventories to increase shipments to the United States as a short-term response to changes in relative prices.

⁵ Chinese brake rotor producers were asked to discuss how easily they could shift sales of aftermarket brake rotors between the U.S. market and alternative country markets. Several firms noted that it would be difficult; information from Chinese suppliers on the ease of shifting sales is discussed in Part IV of this report.

Production alternatives

None of the responding producers of brake rotors from China reported that they produced other products using the same equipment or machinery as is used in the production of aftermarket brake rotors. Furthermore, none of the responding Chinese producers reported being able to switch production between aftermarket brake rotors and other products in response to a relative price change in aftermarket brake rotors in the United States or elsewhere.

U.S. Demand

Based on available information, consumers are likely to respond to changes in the price of aftermarket brake rotors with relatively small changes in their purchases of aftermarket brake rotors.

Demand Characteristics

The demand for brake rotors is driven by a number of factors, such as the quantity of vehicles in use, average miles driven per year, average age of vehicles, and the driving behavior of the population.⁶ Aftermarket brake rotors are available in both premium and economy grades. According to domestic producers, the premium line tends to be more focused on trucks, APVs, SUVs, and premium passenger car applications, while the economy line tends to be concentrated in high-volume applications.⁷ *** stated that demand for brake rotors in the United States is up significantly as brake rotors have become more of a “disposable commodity.”⁸ According to ***, technicians have realized that it is now easier and less costly to replace brake rotors than to resurface them. Available data indicate that apparent consumption in the United States for brake rotors increased irregularly during 2002-07, rising *** percent from *** brake rotors to *** brake rotors in that time.

When asked if U.S. demand for aftermarket brake rotors had changed since January 1, 2002, *** reported that demand in the United States had increased. As noted above, *** stated that demand has increased as more technicians and customers have shifted from resurfacing more expensive premium grade brake rotors to replacing them with new lower-priced economy type brake rotors. Similarly, *** reported that as the cost of new brake rotors decreased, fewer people reconditioned rotors by resurfacing them on a lathe; rather, customers chose to replace brake rotors and as such new unit sales have increased. All but one of the responding importers *** stated that demand for brake rotors in the United States has increased since 1997.⁹ Many of these importers noted that there are more vehicles on the road and that vehicles are lasting longer, thus, extending the service life. Of the 11 responding purchasers, 10 noted that demand for brake rotors in the U.S. market has increased.¹⁰ These firms also noted the increased number of vehicles on the road and the fact that vehicles are lasting longer as explanations for the increase in demand.¹¹

⁶ *Response of Coalition*, August 21, 2007, p. 29.

⁷ *Ibid.*, p. 5.

⁸ Federal-Mogul noted that brake rotors today are a lot thinner and have essentially become discardable, throw-away parts and, as a result, the demand for aftermarket brake rotors has increased substantially (*hearing transcript*, p. 14 (Hughes)).

⁹ One importer reported that demand was unchanged.

¹⁰ The remaining purchaser reported that demand was unchanged.

¹¹ Producers and importers were asked to discuss demand in the United States and, if known, demand outside the United States. None of the responding producers provided specific comments on demand outside of the U.S. market.

(continued...)

Producers, importers, and purchasers were also asked about anticipated future changes in demand. *** stated that it did anticipate continued growth in demand for brake rotors, noting that supply in China has increased substantially and will continue in order to meet the needs of customers who want to replace (instead of resurface) brake rotors at a low cost. *** stated that it did not anticipate any changes in demand. Importers were also mixed with regard to anticipated changes in demand. Eight of the responding firms reported that they believed that demand would continue to grow as more new vehicles enter the market and more vehicles last longer which increases service life.¹² Six importers stated that they did not anticipate any changes in demand for brake rotors. Purchasers were split on future demand changes, with six reporting that they anticipated growth in demand and five stating that they did not anticipate any changes. Several purchasers noted that continuation of development/growth in third-world countries would help increase global demand.

Chinese brake rotor producers were also asked to discuss trends in demand in their home market, the U.S. market, and other markets. While some firms reported that they did not know about demand in the United States and other markets, all those that did reply noted that demand in the U.S. and other markets has increased since 1997. All of the responding Chinese producers reported that demand for brake rotors in the Chinese market had increased.¹³ These firms all noted the increase in vehicles in China as an explanation for the increase in demand for brake rotors.

Substitute Products

Virtually all of the responding producers, importers, and purchasers reported that there are no substitutes for aftermarket brakes. *** and one purchaser both listed OEM brake rotors as a potential substitute for aftermarket brake rotors.¹⁴ In addition, one purchaser, ***, stated that brake drums could replace brake rotors on some rear-wheel applications.

¹¹ (...continued)

One importer, ***, noted that “demand for rotors in emerging markets throughout the world will be especially high.” Purchasers were specifically asked to comment on demand for brake rotors outside of the United States. Eight of the nine responding purchasers reported that they anticipated increases in demand outside the U.S. market; these firms cited the same reasons as they did for anticipated growth in demand in the U.S. market (i.e., increased number of vehicles and longer life of vehicles).

¹² One importer, ***, estimated that demand would grow by approximately 3 percent per year.

¹³ One Chinese producer and exporter of aftermarket brake rotors stated that “the home market in China is booming” (*hearing transcript*, p. 32 (Zhang)). It also noted that while the Chinese market is still smaller than the U.S. market for after market brake rotors, specialists believe that it is poised to become one of the world’s largest automotive markets in the near future (*hearing transcript*, pp. 32-33 (Zhang)).

¹⁴ At the hearing, CWD, a purchaser and importer of aftermarket brake rotors, noted that there are differences between aftermarket and OEM brake rotors in that OEM product holds much tighter tolerances than anything used in the aftermarket (*hearing transcript*, p. 46 (Hughes)). CWD also noted that “nobody in the after market uses the exact OEM tolerances because it would raise the cost of the brake rotor substantially over what the market would bear (Ibid.). Federal-Mogul also commented on OEM and aftermarket brake rotors at the hearing and it reported that there are considerable differences in the specifications and the tolerances that are held on OEM products (*hearing transcript*, pp. 47-48 (Wapplehorst)).

Cost Share

There is one end-use application for aftermarket brake rotors--replacement of brakes in automobiles. Producers and importers were asked to estimate the share of the total cost of end uses that is accounted for by the cost of brake rotors. U.S. producers estimated that the cost of brake rotors accounted for between *** and *** percent of the cost of a brake job. Importers reported a wider range, with eight importers reporting that the cost of the brake rotors accounted for 100 percent of the cost of a brake job; one importer estimated the percentage at 25 percent and another estimated 50 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported aftermarket brake rotors depends upon such factors as relative prices, quality, and conditions of sale (e.g., availability, price discounts/rebates, delivery, payment terms, product services, etc.). Based on available data, staff believes that there are some differences between domestic brake rotors and brake rotors imported from China and that there appears to be a relatively low to moderate degree of substitution between domestic and Chinese brake rotors.

As discussed in Parts I and III of this report, aftermarket brake rotors are available in both premium grade and economy grade. Available information indicates that Chinese rotors are primarily economy grade whereas U.S.-produced rotors are primarily premium grade.¹⁵ Federal-Mogul reported that there is very limited competition between premium and economy grade rotors.¹⁶ It further noted that the two products are sold in different segments of the U.S. market with different prices to different customers.¹⁷ According to respondents, it is estimated that sales of premium brake rotors account for approximately 15 to 20 percent of total sales of aftermarket brake rotors in the U.S. market.¹⁸

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase brake rotors (table II-2). As is seen in the table, purchasers of brake rotors most frequently reported that quality was the most important factor in their purchasing decision, with seven firms ranking it as the number one factor; in addition, three other purchasers reported that it was the second most important factor. Two purchasers reported that price was the most important factor in purchasing decisions for aftermarket brake rotors, three ranked it second, and five ranked it third. Other factors listed as one of the top three most important factors include, availability, product range, and traditional supplier.

Purchasers were asked what characteristics determine the quality of aftermarket brake rotors. Factors listed by responding purchasers include meeting or exceeding the OEM standards/specifications, brand, manufacturer/supplier, good management of supplier, meeting G3000 metallurgical specifications, disc thickness variation, finish, packaging, surface finish, and historical defect rates. To better assess quality issues, purchasers were also asked how often domestically produced and Chinese aftermarket brake rotors meet minimum quality specifications. Six of eight responding purchasers reported that the

¹⁵ *** (*Posthearing brief* of Coalition, p. 9).

¹⁶ *Hearing transcript*, p. 16 (Hughes).

¹⁷ *Ibid.*

¹⁸ One purchaser/importer, CWD, reported that it buys all of its premium brake rotors from Italy, Taiwan, and Brazil (*hearing transcript*, p. 17 (Hughes)).

Table II-2**Brake rotors: Most important factors in selecting a supplier, as reported by purchasers**

Factor	First	Second	Third
Quality	7	3	0
Price	2	3	5
Availability	1	2	4
Product range	1	0	2
Traditional supplier	0	1	0

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

U.S. product “always” meets minimum specifications, while the remaining two purchasers reported that the U.S. product “usually” meets minimum specifications. With regard to Chinese brake rotors, more than one half (6 of 11 purchasers) reported that the Chinese product “always” meets minimum specifications while the other half reported that the Chinese product “usually” meets these specifications.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced brake rotors. Of the responding purchasers, none reported that they always buy the lowest priced product, two reported that they usually do, seven reported sometimes, and two reported never. Purchasers were also asked if they purchased brake rotors from one source although a comparable product was available at a lower price from another source. Eight purchasers reported that they had purchased brake rotors from a certain source when a comparable product was available at a lower price. Reasons given include availability, desire to single source, delivery time, order fill time, product certification, product range, quality, reliability, traditional supplier, and warranty.

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions for brake rotors (table II-3). All 11 responding purchasers reported that availability and product consistency were very important in their purchasing decisions for aftermarket brake rotors. Other factors ranked as very important by a majority of purchasers were delivery terms, delivery time, discounts offered, price, quality meeting industry standards, quality exceeding industry standards, product range, reliability, and technical support/service.

Purchasers were asked for a country-by-country comparison of U.S.-produced brake rotors compared to brake rotors from China and relevant nonsubject countries on the same 15 factors. Results are shown in table II-4. In general, most responding purchasers found the domestic and Chinese products to be comparable with regard to availability, delivery terms, extension of credit, lower U.S. transportation costs, minimum quantity requirements, packaging, product consistency, product range, quality that meets industry standards, and reliability of supply. The factors where purchasers found some differences and reported that the U.S. product was superior were delivery time and technical support/service. A couple of purchasers found the U.S. product to be superior with regard to delivery terms, transportation costs, minimum quantity requirements, and quality that exceeds industry standards, and three purchasers found the Chinese product to be superior with regard to discounts offered. Four of the five responding purchasers reported that the Chinese product had a lower price.

Purchasers, U.S. producers, and importers were asked if certain grades, types, or sizes of aftermarket brake rotors were available from a single source. Eight of 10 responding purchasers stated that there were not certain grades/types/sizes of brake rotors available from a single source. The two remaining purchasers replied “yes” and noted the availability of premium grades of brake rotors from Brazil, Japan, and Italy. In addition, purchasers were also asked if they or their customers ever

Table II-3**Brake rotors: Importance of purchase factors, as reported by U.S. purchasers**

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	11	0	0
Delivery terms	6	4	1
Delivery time	7	3	0
Discounts offered	5	2	3
Extension of credit	4	5	1
Minimum quantity requirements	2	3	5
Packaging	3	7	0
Price	7	4	0
Product consistency	11	0	0
Quality meets industry standards	10	1	0
Quality exceeds industry standards	5	1	3
Product range	6	3	1
Reliability of supply	9	2	0
Supplier is a related entity	0	1	10
Technical support/service	5	2	4
U.S. transportation costs	4	2	5
Note.--Not all purchasers responded for each factor.			
Source: Compiled from data submitted in response to Commission questionnaires.			

specifically order aftermarket brakes from one country in particular over other possible sources of supply. Most purchasers (8 of 10) reported “no;” however, two firms replied “yes,” with one noting ordering European brake rotors for European cars and the other stating that it purchases from any country with the lowest price.

Purchasers were asked whether buying a product produced in the United States is an important factor in their firm’s purchases of aftermarket brake rotors. All 11 of the responding purchasers reported that buying a product produced in the United States is not an important factor in their firm’s purchases of aftermarket brake rotors.

Purchasers were asked if they required certification or prequalification with respect to the chemistry, strength, or other performance characteristics of brake rotors. Seven of 11 responding purchasers reported that they do require their suppliers to be certified before they will purchase brake rotors from them; the remaining four purchasers reported that they did not have such requirements. All of the seven firms that do have a certification process reported that 100 percent of their purchases of brake rotors must be certified. Purchasers stated that these procedures include metallurgical testing,

Table II-4

Brake rotors: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs. China		
	S	C	I
	<i>Number of firms responding</i>		
Availability	1	3	1
Delivery terms	2	3	0
Delivery time	4	1	0
Discounts offered	1	1	3
Extension of credit	1	4	0
Lower price ¹	0	1	4
Lower U.S. transportation costs ¹	2	3	0
Minimum quantity requirements	2	3	0
Packaging	0	4	0
Product consistency	1	3	1
Product range	0	4	0
Quality meets industry standards	1	4	0
Quality exceeds industry standards	2	2	1
Reliability of supply	1	4	0
Technical support/service	3	2	0
<p>¹ A rating of "superior" for this category means that the price and/or transportation costs of the U.S. product is generally lower than for the product from China.</p> <p>Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.</p> <p>Note.--Not all companies gave responses for all factors.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

inspection of machining, review of samples, analysis of financial stability of the supplier, and a matching of parts drawings against the OEM drawing. Purchasers also noted the factors that they consider when they are considering a new supplier; these include quality, price, reliability, industry reputation, new part introduction time, product range offered, and fill rate (time to fill an order). Estimates of the time necessary for certification/qualification ranged from 1 to 6 months. Purchasers were also asked if any suppliers failed in their attempt to qualify and only two of the responding firms replied "yes;" these two firms noted two suppliers from China and one from India.

Purchasers were asked about the extent to which they and their customers make purchasing decisions based on specific producers or countries of origin; responses are presented in table II-5. With regard to knowledge of the producer of the brake rotor, it appears that this is more important to the purchaser than it is to the purchaser's customer. Also, while a couple of purchasers reported that the country of origin is always important in their purchasing decisions, most others reported that it was not a major factor. *** reported that it is important to know the country of origin of the brake rotors as it is

Table II-5

Brake rotors: The role of producer and country of origin in purchaser and customer decisions

Item	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	2	2	2
Purchaser's customer makes decision based on producer	1	1	5	4
Purchaser makes decision based on country	3	1	1	6
Purchaser's customer makes decision based on country	2	1	2	6

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

important to understand the quality of the product. Another purchaser, ***, noted that country of origin is important as it wants European parts for European cars.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

U.S. producers, importers, and purchasers were asked to report how frequently brake rotors from different countries are able to be used in the same applications (table II-6). If responding firms reported that products from different countries were not always used in the same application, they were asked to explain why. In general, results indicate that brake rotors from both subject and nonsubject countries are generally interchangeable with brake rotors produced in the United States, with *** reporting that domestic and imported brake rotors are *** interchangeable. The vast majority of responding importers reported that domestic and Chinese brake rotors are “always” or “frequently” used interchangeably. Similarly, the majority of responding purchasers reported that domestic and imported brake rotors are “always” interchangeable.

Table II-6

Brake rotors: U.S. producers', importers', and purchasers' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. producers					U.S. importers					U.S. purchasers				
	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	***	***	***	***	***	12	3	1	1	0	8	0	1	1	0
U.S. vs. nonsubject	***	***	***	***	***	11	1	1	1	0	6	0	1	1	3
China vs. nonsubject	***	***	***	***	***	11	1	1	1	0	6	0	1	0	2

¹ U.S. producers, importers, and purchasers were asked if brake rotors produced in the United States and in other countries are used interchangeably.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never, and “0” = No familiarity.

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

U.S. producers and importers were asked to assess how often differences other than price were significant in sales of brake rotors from the United States, subject countries, or nonsubject countries (table II-7). U.S. producers *** reported that differences are *** a factor whereas *** reported that they are *** a factor. *** stated that technical support is important to its customers and that if the brake rotors are coming from another country this type of support may not be as available as it is when the product is produced in the United States. For importers there was a mixed response, with three reporting that there are “always” differences between domestic and Chinese product, four reporting “frequently,” two reporting “sometimes,” and one reporting “never.” The responses of importers for the domestic product compared to the nonsubject product and for the Chinese product compared to the nonsubject-country product were similar to their responses for the U.S. product compared to the Chinese product. Importers noted factors such as availability, quality, technical support, and reliability as differences between the products. Two importers, ***, both noted the fact that both Affinia and Federal-Mogul have moved operations overseas, and that thus, the availability of U.S.-produced product is extremely limited.

Table II-7

Brake rotors: U.S. producers’ and importers’ perceptions concerning the importance of non-price differences in purchases of brake rotors from the United States and other countries¹

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	***	***	***	***	***	4	4	2	2	0
U.S. vs. nonsubject	***	***	***	***	***	2	5	2	2	0
China vs. nonsubject	***	***	***	***	***	3	3	2	2	0

¹ U.S. producers and importers were asked if differences other than price between brake rotors produced in the United States and in other countries are a significant factor in their firm’s sales of the product.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never, and “0” = No familiarity.

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

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for brake rotors measures the sensitivity of quantity supplied by U.S. producers to changes in the U.S. market price of brake rotors. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers’ ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced brake rotors. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to increase or decrease shipments to the U.S. market; an estimate in the range of 4 to 6 is suggested. The supply elasticity is enhanced by the existence of available unused capacity and moderate inventories, but is hampered by the inability to switch production to or from other products, and the inability to move sales to or from alternative markets.

Subject Supply Elasticity

Based on information from eleven producers of brake rotors in China that represent approximately 28 percent of total Chinese brake rotor producing capacity, an estimate in the range of 3 to 6 is suggested for the supply elasticity of brake rotors from China.

U.S. Demand Elasticity

The U.S. demand elasticity for brake rotors measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of brake rotors. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the brake rotors in the production of any downstream products. Based on available information, the U.S. demand elasticity for brake rotors is likely to be in the range of 0.50 to 1.0.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.¹⁹ Product differentiation, in turn, depends upon such factors as quality (e.g., taste, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced brake rotors and imported brake rotors from China is likely to be in the range of 1 to 3.

¹⁹ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and U.S. like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

U.S. PRODUCERS

The Commission sent producer questionnaires to Affinia and Federal-Mogul, who claim that they were the only known domestic producers of aftermarket brake rotors during the review period. Both Affinia and Federal-Mogul provided responses to the Commission's questionnaire.

The Commission also sent producer questionnaires to eight additional firms identified by parties as possible domestic producers of aftermarket rotors. Four of these firms (Waupaca, CWD,¹ Wilwood, and Honeywell) provided questionnaire responses. Waupaca, an independent foundry that produces raw castings in the United States, and CWD, a specialized finisher for the "high performance" market, provided certain information in response to the Commission's producer questionnaire. Wilwood, on the other hand, *** was not a domestic producer of aftermarket brake rotors.² Although *** did not provide a response to the Commission's producer questionnaire, *** not a domestic producer of aftermarket brake rotors. The following four firms did not provide a response to the Commission's request for information: Brembo,³ Coleman Machine,⁴ Performance Friction,⁵ and PowerStop.⁶

As noted earlier in this report, the parties to this review have argued that these additional eight firms should not be considered part of the domestic industry that produces aftermarket brake rotors. The Coalition indicated in its response to the Commission's notice of institution that the companies that are small, low-volume, niche-market producers of specialty products (such as for the racing industry) simply perform specialized machining on purchased or imported rotors and should not be considered part of the domestic industry.⁷ The Chinese Respondents argued that foundries, such as Waupaca, do not qualify as domestic producers of aftermarket brake rotors because they do not perform machining in the United States. They also submitted that other producers of specialty products that have been identified as potential producers also do not appear to qualify as domestic producers of aftermarket brake rotors.⁸

Information in this section of the staff report is based on the questionnaire responses of Affinia and Federal-Mogul. These two producers indicated that they accounted for essentially all U.S. production

¹ CWD provided data for StopTech, which it acquired in April 2006, and for PPG (aka Power Slot), which it acquired in October 2007. *** its product does not compete with the domestic like product and that it operates in a different segment of the U.S. market.

² ***. *Posthearing brief* of Federal-Mogul, pp. 24-25.

³ Staff sent the Commission's producer questionnaire to Brembo on three separate dates (via overnight courier, email, and fax) in an attempt to solicit a response. As indicated earlier in Part I of this report, staff believes that Brembo is no longer manufacturing rotors in the United States.

⁴ The Commission sent a producer questionnaire to Coleman Machine on March 21, 2008, after counsel for the Chinese interested parties identified this firm as a possible domestic producer. No response to the questionnaire has been received from Coleman Machine.

⁵ The Commission sent a producer questionnaire to Performance Friction on March 21, 2008, after counsel for the Chinese interested parties identified this firm as a possible domestic producer. No response to the questionnaire has been received from Performance Friction, although legal counsel for the firm filed two letters with the Commission on the company's behalf (dated April 14, 2008 and April 24, 2008) stating that Performance Friction is a producer of the domestic like product. Subsequent to receipt of these letters, staff contacted legal counsel for Performance Friction on two separate occasions (via phone and email) attempting to solicit a producer questionnaire response from the firm.

⁶ Staff transmitted the producer questionnaire to PowerStop on two separate dates (via overnight courier and fax) but has received no response to its request. ***.

⁷ *Response* of Coalition, August 21, 2007, pp. 20-21.

⁸ *Prehearing brief* of Chinese respondents, p. 14, *Posthearing brief* of Chinese respondents, p. Q-8.

of aftermarket brake rotors during 2007.⁹ As indicated earlier in this report, Federal-Mogul permanently shut down its domestic production facilities in September 2007. Affinia, on the other hand, reported that it “is in active production at its Litchfield plant . . .” and that it has a long-term lease on its Waupaca plant.¹⁰ Additional information received from Waupaca, an independent foundry that produces raw castings, and CWD, a specialized finisher of rotors for the “high performance” market, is also presented separately, as appropriate.¹¹

U.S. PRODUCERS’ CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers’ capacity, production, and capacity utilization for aftermarket brake rotors during 2002-07 are presented in table III-1. Neither Affinia nor Federal-Mogul has ***. Likewise, both Waupaca and CWD reported in their producer questionnaire responses that they have ***.

Capacity data provided by Federal-Mogul indicate a constant level of capacity during the 2002-06 period and a decline in 2007, commensurate with the permanent closure of its St. Louis, MO, facility in September 2007. The company indicated that approximately one-half of the machining equipment at its production facility was transferred to its OEM rotor production facility in China and that the rest of the foundry and machining equipment was sold at auction in December 2007. The Federal-Mogul facility is currently up for sale.¹²

Table III-1
Brake rotors: U.S. capacity, production, and capacity utilization, 2002-07

* * * * *

Affinia’s capacity data also indicate a constant level of capacity to produce aftermarket brake rotors from 2002 to 2006, but a *** drop in the firm’s capacity to produce was reported for 2007. This drop is explained by Affinia’s permanent closure of its facilities in North East, PA, and McHenry, IL, in October and December 2006, respectively. The closure of the McHenry facility displaced *** employees and the closure of the North East facility displaced *** employees. ***.

Waupaca reported that its combined foundry capacity for OEM and aftermarket brake rotors (based on operating ***) increased ***. Waupaca indicated in its questionnaire response that “***.” CWD reported that the capacity of its specialty machining operation in the United States *** to meet the growth in demand for its high-performance rotors.

The Commission asked domestic producers to report constraints on their capacity to produce aftermarket brake rotors. Federal-Mogul did not provide a response to the Commission’s question. Affinia responded to the Commission’s question as follows: “***.” Waupaca indicated that the limit of

⁹ *Response of Coalition*, August 21, 2007, p. 20.

¹⁰ Affinia added that it is “***.” *Posthearing brief of Coalition*, p. 14. However, Federal-Mogul and the Chinese respondents in this review have argued that Affinia is on the verge of eliminating all of its aftermarket brake rotor manufacturing in the United States and that their production data “reflects a company in the process of *** its manufacturing operations – not a company with a “***” to remain a U.S. producer of aftermarket brake rotors.” In fact, they indicated that Affinia’s intent to sell its Waupaca facility is publicly known. *Prehearing brief of Chinese respondents*, p. 3; *Posthearing brief of Chinese respondents*, p. Q-4; *Prehearing brief of Federal-Mogul*, pp. 5 and 16; *Posthearing brief of Federal-Mogul*, pp. 4 and 8; and *Hearing transcript*, pp. 29 (Woo), 66 (Vander Schaaf), and 106 (Mintzer). Affinia indicated that “***.” *Email from *** to ****, May 7, 2008.

¹¹ Because of double-counting issues, a presentation of aggregate data for all four firms is not provided.

¹² Most of the auctioned machining equipment was sold for scrap and some of the auctioned foundry equipment was shipped to Mexico. *Hearing transcript*, p. 121 (Wappelhorst).

its capacity to produce raw castings is constrained by its ***. CWD reported that its *** set the limit on its capacity to produce specialty rotors for the high-performance market.

As shown in table III-1, U.S. producers' capacity to produce aftermarket brake rotors remained at the same level from 2002 to 2006 but fell by *** percent in 2007. Domestic producers' capacity was *** below apparent U.S. consumption of brake rotors in each of the years 2002-07, and by 2007 was equivalent to only *** percent of consumption. Domestic production of aftermarket brake rotors, however, fell during each annual period examined during this review, with an overall decline of *** percent from 2002 to 2007. *** drop in domestic production was reported during the final annual period examined, when it fell by *** percent from 2006 to 2007. The trend in the level of capacity utilization reported by the domestic producers of aftermarket brake rotors tracked the trend in the level of domestic production, falling in each annual period examined.

In its questionnaire response, Affinia reported that its current annual capacity (2008) to produce aftermarket brake rotors is *** rotors, down from *** rotors in 2007 and *** reported for previous annual periods.¹³ The Commission also asked Affinia to provide first quarter 2008 production data for its domestically produced aftermarket brake rotors. The firm indicated that, as of March 21, 2008, it had produced *** aftermarket rotors in 2008. Based on its annual capacity of *** rotors, Affinia's capacity utilization during the first 12 weeks of 2008 was *** percent, down from *** percent during calendar year 2007.

The Commission asked domestic producers to indicate the extent to which they have produced their own castings used in the production of their aftermarket brake rotors and the extent to which they have performed the machining on the brake rotors they produced at any time since 2002. Federal-Mogul reported that, during 2002-07, it ***.¹⁴ Federal-Mogul indicated ***. ***, Affinia reported that it ***. Waupaca reported that during 2002-07, it *** and CWD reported that it is ***.

Premium vs. Economy Aftermarket Brake Rotors

As described earlier in Part I of this report, the production of premium rotors requires very sophisticated, expensive machinery and additional labor. These premium rotors require a much closer tolerance on the braking surface than economy rotors and are, therefore, subject to greater quality control standards in the casting and machining process. In addition, the raw castings for the premium rotors require a much tighter range of chemistry and hardness and a higher tensile strength than the economy rotors.¹⁵ In appearance, the premium rotors are much thicker and heavier and are sold to "safety-conscious users, for high-end vehicle application, and for fleet sales."¹⁶ Citing hearing testimony in the original investigation, the Chinese respondents in this review indicated that about 80 percent of brake rotors sold in the U.S. market at that time were premium rotors and about 20 percent were economy rotors. Respondents also reported that due to changes in engineering and vehicle weight requirements over the past decade, the U.S. demand for thinner, lighter economy rotors has gradually increased while the demand for thicker, heavier premium rotors has fallen. They estimated that "premium-grade sales in

¹³ Federal-Mogul asserted that the capacity data reported by Affinia is "****" and that the firm's capacity utilization is *** reported based on information concerning capacity calculations provided by Federal-Mogul and the Chinese aftermarket brake rotor producers. *Prehearing brief* of Federal-Mogul, p. 27.

¹⁴ The volume of castings Federal-Mogul produced in relation to the volume of aftermarket brake rotors it produced for each annual period examined is as follows: ***.

¹⁵ *Hearing transcript*, pp. 16 (Hughes), 48 (Wappelhorst), 66-67 (Hughes), and 123 (Wappelhorst).

¹⁶ *Posthearing brief* of Chinese respondents, pp. Q-10-Q-11; *Prehearing brief* of Federal-Mogul, p. 22; *Posthearing brief* of Federal-Mogul, p. 33.

the U.S. market today represent roughly 15 to 20 percent of total sales of aftermarket brake rotors.”¹⁷ Federal-Mogul submitted that the “U.S. producers, which had historically focused their market on the premium segment, continued to lose ground to imports as they were unable to establish market share in the economy segment of the market.”¹⁸ As such, Chinese rotors are primarily economy grade and U.S.-produced rotors are primarily premium grade.¹⁹

The Chinese respondents argued that “Affinia *** in the United States and now is *** brake rotors.”²⁰ Affinia, however, reported that it “has the ability to produce domestically nearly any brake rotor sold today . . .” It added that, in addition to premium rotors, it domestically produces rotors for “new applications and low-volume applications” and that ***.²¹

Alternative Products

The Commission asked domestic producers to report production of other products on the same equipment and machinery, and/or using the same production and related workers employed to produce aftermarket brake rotors. ***.^{22 23} Both producers, however, did indicate that, in addition to aftermarket brake rotors, they produced brake rotors for the OEM market.²⁴

In a response to staff inquiry concerning its reported capacity data, Affinia reported that ***. The firm added that ***.²⁵

Data on domestic producers’ capacity, production, and capacity utilization for OEM and aftermarket brake rotors combined are presented in table III-2. The combined OEM and aftermarket brake rotor data for domestic capacity, production, and capacity utilization generally followed similar trends as reported for aftermarket brake rotors alone, with the exception of the increase in the combined production and capacity utilization data from 2002 to 2003. Capacity utilization of the combined data was *** that reported for aftermarket brake rotors alone during 2002-04 but was *** during the remainder of the annual periods examined.

**Table III-2
OEM and aftermarket brake rotors: U.S. producers’ capacity, production, and capacity utilization for OEM and aftermarket brake rotors combined, 2002-07**

* * * * *

¹⁷ *Posthearing brief* of Chinese respondents, p. Q-11; *Prehearing brief* of Federal-Mogul, pp. 7 and 21.

¹⁸ *Prehearing brief* of Federal-Mogul, p. 8.

¹⁹ *Posthearing brief* of Federal-Mogul, p. 32.

²⁰ *Prehearing brief* of Chinese respondents, p. 23.

²¹ *Posthearing brief* of Coalition, p. 9.

²² Both Affinia and Federal-Mogul also indicated in their questionnaire response that ***.

²³ Affinia later reported ***. Email from *** to ***, May 7, 2008.

²⁴ CWD responded ***. On the other hand, Waupaca indicated ***. Waupaca also indicated that it “***.” By 2007, Waupaca’s raw castings production for aftermarket brake rotors fell to ***. Other raw casting products that Waupaca produced in the facilities in which it produced raw castings for aftermarket brake rotors and their corresponding share of total net sales during 2007 are as follows: ***.

²⁵ Email from *** to ***, May 7, 2008.

Changes Experienced in Operations

Domestic producers were asked to indicate whether their firm had experienced any changes in the character of their operations or organization relating to the production of aftermarket brake rotors since April 17, 1997 (the date on which the antidumping duty order under review became effective), such as plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons; expansion of import operations; supply arrangements with suppliers in China; or any other change. Both Affinia and Federal-Mogul indicated that they had experienced closures and had ***. Additionally, Affinia indicated that it had opened a new plant and ***. CWD reported ***; Waupaca reported ***. The firms' complete descriptions of the timing, nature, and significance of such changes experienced since April 17, 1997 (supplemented with additional publicly available information), are presented in table III-3.

Table III-3
Brake rotors: Changes in the character of U.S. operations

* * * * *

Anticipated Changes in Operations

The Commission requested that domestic producers provide a copy of their company business plans or other internal documents that describe, discuss, or analyze expected future market conditions for aftermarket brake rotors.²⁶ Affinia indicated that it had “***.”²⁷ Affinia, however, provided the Commission with a copy of a ***.²⁸ Federal-Mogul, on the other hand, provided ***. In that document, Federal-Mogul briefly outlined the market situation for brake rotors and drums as follows:

* * * * *

*** anticipate future changes in the character of their operations relating to the production of aftermarket brake rotors. Affinia described *** as follows: “***.” Federal-Mogul simply indicated that it “{c}losed {its} manufacturing facility in St. Louis, MO in September of 2007 ***.” CWD reported in its questionnaire response *** relating to the production of “high-performance” rotors. Waupaca, on the other hand, indicated *** relating to the production of raw castings for aftermarket brake rotors. In its response, Waupaca described *** as follows:

* * * * *

²⁶ CWD indicated in its questionnaire response that ***. In its questionnaire response, Waupaca stated the following: “***.”

²⁷ Email from *** to ***, March 26, 2008.

²⁸ *Ibid.*

U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Data on domestic producers' shipments of aftermarket brake rotors are presented in table III-4.²⁹ *** (i.e., greater than *** percent) of Affinia's and Federal-Mogul's combined shipments of aftermarket brake rotors were to the U.S. commercial market during the annual periods examined in this review. On the basis of quantity, the two U.S. producers' combined U.S. commercial shipments increased from 2002 to 2003, but fell in the remaining periods examined. On the basis of value, their combined U.S. commercial shipments fell in every period examined in this review, with the exception of *** increase in 2006. Average unit values of their combined commercial shipments fell from \$*** per rotor in 2002 to \$*** per rotor in 2004, then increased to a high of \$*** per rotor in 2006, before falling in 2007 to \$*** per rotor. ***. In addition, the shipment data provided by Affinia are estimates rather than actual data. The firm provided the following explanation as to why estimates rather than actual data were provided: "***."

Table III-4
Brake rotors: U.S. producers' shipments, by types and producers, 2002-07

* * * * *

Export shipments, on the other hand, accounted for *** share of combined total shipments of Affinia and Federal-Mogul, ranging from *** to *** percent during the periods examined. Nevertheless, export shipments by the two U.S. producers (on the basis of quantity and value), as well as unit values of export shipments, followed a remarkably similar trend as their combined U.S. commercial shipments. Affinia reported that its principal export market was ***.

U.S. PRODUCERS' INVENTORIES

Data collected in these reviews on domestic producers' end-of-period inventories of aftermarket brake rotors are presented in table III-5.³⁰ The domestic industry's year-end inventories of aftermarket brake rotors fell overall during the period for which data were collected from *** rotors in 2002 to *** rotors in 2007, with the lowest level of inventories reported for the entire period occurring in *** at *** rotors. Despite a decline in the absolute quantity of inventories, the ratios of inventories to production, inventories to U.S. shipments, and inventories to total shipments fluctuated widely during the periods examined because of the *** drop in production and shipments during that same time period. These ratios ranged from a low of *** percent in 2006 (ratio of inventories to total shipments) to a high of *** percent in 2007 (ratio of inventories to U.S. shipments).

²⁹ Because of double-counting issues, the shipment data for "high-performance" rotors provided by CWD and raw castings provided by Waupaca are not aggregated with Affinia's and Federal-Mogul's combined data presented in table III-4 and are not included in the discussion of U.S. producers' aggregate shipments in the text in this section of the report. The shipment data provided by CWD and Waupaca are presented and discussed separately in notes to table III-4.

³⁰ The reported inventory data are provided by Affinia and Federal-Mogul; CWD reported *** inventories of its high performance product (see notes to table III-5) and Waupaca reported that *** inventories of the raw castings that it produces. In its questionnaire response, Waupaca indicated the following: "***."

**Table III-5
Brake rotors: U.S. producers' end-of-period inventories, 2002-07**

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

*** Affinia and Federal-Mogul reported ***. Although neither firm reported ***, Affinia has ***.³¹ ***'s imports and purchases are presented in table III-6.

In addition, CWD reported that ***. ***'s imports and purchases are also presented in table III-6. Waupaca indicated that ***.

**Table III-6
Brake rotors: U.S. producers' imports and purchases, 2002-07**

* * * * *

. It also reported that during this same time period it ***. The reason cited by Affinia ***, Affinia also indicated that its "decision to import *** is ***." It added that it was "*" to the domestic production of aftermarket brake rotors.³² The firm's ratio of purchases of subject aftermarket brake rotors to U.S. production increased from *** percent in 2002 to *** percent in 2006. During 2007, the total purchases of subject aftermarket rotors by Affinia ***.³³

* * * * *

***, both Affinia and Federal-Mogul reported in their response to the Commission's notice of institution in this review that they have purchased imports to be able to maintain and supplement their domestic production and that they are "very committed to their domestic production and have no plans to cease production." They added that both companies have invested heavily in their manufacturing facilities, manufacturing equipment, and research and development of aftermarket rotors "to maintain their status as innovative and high technology domestic producers."³⁴ During 2007, Affinia's purchases of subject imports from China accounted for *** percent of reported exports of subject merchandise from China to the United States and Federal-Mogul's *** imports of subject product from China accounted for *** percent of subject exports. ***, the two firms together accounted for *** percent of reported exports of subject merchandise from China to the United States during 2007. The ***-percent figure is undoubtedly overstated to the extent that some subject Chinese producers did not respond to the Commission's questionnaire.

³¹ Affinia reported that it purchases brake rotors from entities related to MAT Holdings Inc., but it reported that all such purchases are on an arms-length basis. *Posthearing brief* of Coalition, p. 5.

³² *Posthearing brief* of Coalition, p. 6.

³³ The Chinese respondents argued that Affinia's interest in keeping the antidumping duty order on certain imports of aftermarket brake rotors is to "****." *Prehearing brief* of Chinese respondents, pp. 1 and 11. Likewise, Federal-Mogul argued that the antidumping duty order "simply gives Affinia an opportunity to protect its relationships with certain U.S. importers of Chinese rotors at the expense of other U.S. importers of Chinese rotors." *Prehearing brief* of Federal-Mogul, pp. 2 and 30.

³⁴ In the Coalition response to the Commission's notice of institution in this review, Federal-Mogul reported that ***. Affinia reported that ***. *Response* of the Coalition, August 21, 2007, p. 3. However, *** research and development expenses in their producer questionnaire responses in this review (see table III-11).

In their response to the Commission’s notice of institution in this review, the Chinese respondents argued that, since 1997, both Affinia and Federal-Mogul have chosen to “reorient their operations to focus their production in China” and have “invested hundreds of millions of dollars in China, and have become among the largest importers of subject merchandise in the United States.” In reality, they argued, “Affinia and Federal-Mogul advocate the continuation of the antidumping duty order in an effort to shield their *import* operations from *other* import competition.” Chinese respondents also indicated that, in Commerce’s current review of the order, U.S. importer CWD requested that Commerce “exercise its authority to disregard the responses submitted by Affinia and Federal-Mogul provided that they (i) control, and are related to, Chinese producers/exporters of subject merchandise, and (ii) are two of the largest importers of subject merchandise in the United States.” Therefore, CWD argued, because there has been no other substantive response submission showing interest in continuation of the antidumping duty order filed by legitimate domestic interested parties in Commerce’s review proceeding, it is advocating that Commerce should exercise its authority and revoke the antidumping duty order.³⁵

U.S. PRODUCERS’ EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers’ aggregate employment data for aftermarket brake rotors are presented in table III-7.³⁶ The number of production-related workers (“PRWs”) employed by U.S. producers Affinia and Federal-Mogul combined declined overall by *** percent between 2002 and 2007. Over this same period, hours worked, wages paid, and productivity decreased, while unit labor costs increased. Although hourly wages increased consistently from 2002 to 2005, they fell in 2007 to a level comparable to that reported in 2002.

Table III-7
Brake rotors: U.S. producers’ employment-related indicators, 2002-07

* * * * * * *

There are *** in productivity and unit labor costs between Affinia and Federal-Mogul. Staff contacted counsel for those firms for clarification, but neither counsel was able to provide an explanation, in part because of the inability to discuss the other firm’s business proprietary information with their clients.³⁷

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Affinia and Federal-Mogul, which together accounted for virtually all U.S. production of aftermarket brake rotors from 2002 to 2007, provided financial information on their operations.³⁸ Both

³⁵ *Response* of Chinese respondents, August 21, 2007, pp. 8 and 19-20.

³⁶ Employment data provided by Waupaca and CWD are provided in the notes to table III-7.

³⁷ *Email* from Leslie A. Glick to Mary Messer, May 5, 2008, and *posthearing brief* of Federal-Mogul, p. 35.

³⁸ *** (U.S.-manufactured, direct imports, and purchases). From 2002 to 2007, *** percent, respectively, of all of Affinia’s rotors. See May 1, 2008 e-mail from Leslie Glick, counsel to Affinia, and associated worksheet. Although *** provided trade (shipment) data for 2002-07, it could only provide financial data for 2004-07. See March 27, 2008 e-mail from Sydney Mintzer, counsel to Federal-Mogul. Federal-Mogul’s data for *** are based upon its ***; this accounts for the differences between the 2002-03 shipment data in table III-4 and 2002-03 sales (continued...)

companies have fiscal years ending December 31. Affinia, a producer of automotive and light truck replacement parts, had overall net sales of \$2.1 billion in 2007, approximately half of which were brakes and brake parts. Federal-Mogul, a producer of vehicular parts, components, and modules and systems to customers in the automotive, small engine, heavy-duty, marine, railroad, aerospace, and industrial markets, had overall net sales of \$6.9 billion in 2007. Aftermarket brake rotors are part of Federal-Mogul's global aftermarket segment, which includes many other products, such as engines and engine parts; the aftermarket segment accounted for \$2.7 billion of Federal-Mogul's net sales in 2007. *** reported ***; the unit sales values of these *** were the ***.³⁹

StopTech and ThyssenKrupp Waupaca also submitted domestic producer questionnaire responses. Since StopTech's operations consist of ***, and since ThyssenKrupp Waupaca is a producer of ***, their data were not included with Affinia's and Federal-Mogul's.

Operations on Aftermarket Brake Rotors

Aggregate income-and-loss data for the U.S. producers are presented in table III-8. To summarize, the domestic aftermarket brake rotor industry went from being ***, to being ***, and then ***. From 2002 to 2003 the industry enjoyed essentially stable net sales quantities and values, declining costs, and *** operating profit margins. The situation changed in 2004, as the absolute value of operating costs (cost of goods sold and SG&A expenses combined) increased by approximately *** while net sales values ***. On a per-unit basis, unit sales revenues *** while unit operating costs *** per brake rotor. As a result, the *** operating income reported in 2003 *** in 2004. Over the next two years the situation continued to worsen – sales quantities and values ***, unit operating costs increased by approximately \$** per brake rotor *** than unit sales prices *** each period, and all levels and all measures of profitability declined.

Table III-8
Aftermarket brake rotors: Results of operations of U.S. producers, fiscal years 2002-07

* * * * *

The industry reported *** results in 2007. Sales quantity and value both decreased by *** to *** percent, and the *** operating profit ***, as Affinia closed two of its four U.S. production facilities in 2006 and Federal-Mogul closed its only U.S. production facility in September 2007.

Selected company-by-company data are presented in table III-9. While *** in every period except 2007, the trends for the two companies were quite similar. With regard to profitability, both companies reported stable (***) profits in 2002 and 2003, decreased profitability from 2004 through 2006 (***), and then *** decreases in 2007. *** reported decreasing sales quantities and values in virtually every period. Finally, although both producers' unit sales values generally increased from period to period,⁴⁰ both producers' unit operating costs increased even more.

³⁸ (...continued)
 data in tables III-8 and III-9.

³⁹ These related party transfers are to *** affiliates in ***. Since the trade (shipment) section of the U.S. producer questionnaire instructs producers to report *** shipments, *** are properly classified as *** and not *** in table III-4.

⁴⁰ *** unit sales value *** percent in 2007 as its 2002-06 average product mix of *** brake rotors and *** brake rotors changed to *** brake rotors and *** brake rotors. See May 1, 2008 e-mail from ***.

Table III-9
Aftermarket brake rotors: Results of operations of U.S. producers, fiscal years 2002-07

* * * * *

The variance analysis showing the effects of prices and volume on the producers' sales of aftermarket brake rotors, and of costs and volume on their total cost, is shown in table III-10. The analysis indicates that the decrease in profitability from 2002 to 2007 was the result of decreased sales volume and increases in per-unit costs and expenses. This is consistent with the underlying data in table III-8 – the sales volume that drove the industry's profitability in 2002 had decreased by approximately *** percent by 2007, unit operating costs increased by over \$*** per brake rotor, and unit sales prices were ***. While the validity of the results of the variance analysis is tempered to some extent because of ***, Commission staff believes the results still reasonably depict the effects of changes in average prices and volume on the producers' net sales, and the results still reasonably depict the effects of changes in average costs/expenses and volume on the producers' total costs and expenses.

Table III-10
Aftermarket brake rotors: Variance analysis, fiscal years 2002-07

* * * * *

**Capital Expenditures and Research and Development Expenses,
Assets and Return on Investment**

The capital expenditures and research and development (R&D) expenses are presented in table III-11. Capital expenditures were ***. *** R&D expenses.

The domestic aftermarket brake rotor industry's assets and its return on investment are also presented in table III-11. The decrease in the total value of assets from 2002 to 2007 essentially mirrored the decline in sales values. At the same time, the return on the assets followed the same trend as operating income.

Table III-11
Aftermarket brake rotors: Capital expenditures, research and development expenses, assets, and return on assets, 2002-07

* * * * *

PART IV: U.S. IMPORTS AND THE SUBJECT INDUSTRY IN CHINA

U.S. IMPORTERS

The Commission sent importer questionnaires to 123 firms identified as possible U.S. importers of aftermarket brake rotors between 2002 and 2007, and received usable data from 21 of the firms.¹ Based on official Commerce statistics for imports of brake rotors (both OEM and aftermarket), the importers' questionnaire data accounted for 36.3 percent of total U.S. imports during 2007 and 57.5 percent of total imports from China in 2007.² Based on export data provided in foreign producer questionnaire responses, the importer questionnaire data accounted for 67.6 percent of total exports of subject merchandise from China to the United States in 2007.

None of the 21 importers responding to the Commission's importer questionnaire reported entering or withdrawing aftermarket brake rotors from foreign trade zones or bonded warehouses. In addition, no importers reported imports of brake rotors under the temporary importation under bond program.

The Commission requested that importers provide a copy of their company business plans or other internal documents that describe, discuss, or analyze expected future market conditions for aftermarket brake rotors. Only four importers (***) indicated that their firm maintained such documents. *** originally indicated in its questionnaire response that “[t]hese documents are confidential and are not provided to external parties.” However, it later provided the Commission with a copy of a ***. In that presentation, *** indicated that the current economic conditions are affecting motorists' behavior and that although there are more vehicles in operation, the miles that are driven are declining. ***, the contents of which are included in Part III of this report. Importer *** provided as an attachment to its importer questionnaire response a brief description of the firm. In its summary, the firm stated the following: “***.” *** indicated that they do not maintain such internal documents, but *** stated “Our business plan adapts to available demands” and *** stated “Our business plan is subject to market conditions. Original plan would not meet the ever changing market conditions.” Importer *** provided an outline entitled “Potential Brake Rotor Issues 2008.” In that document, the company indicated that the supply of brake rotors is expected to be tight in 2008 because of the following: (1) short supply of raw materials, (2) foundries being shuttered for environmental concerns, (3) an increase in European demand for aftermarket brake rotors, and (4) an annual increase of 30 percent in Chinese consumption of aftermarket brake rotors. The company also indicated that shipment delays are expected for 2008 because of U.S. port labor talks and general port congestion and because of anticipated factory closures in the Beijing area during the Summer Olympic Games. *** also noted that prices for Chinese aftermarket brake rotors are expected to rise by 25-30 percent during 2008 because of expected changes in the following conditions:

¹ Eighteen of the firms reported that they did not import aftermarket brake rotors during the period for which data were collected and 60 firms did not respond to the Commission's questionnaire. Questionnaires addressed to 24 firms were returned to the Commission as undeliverable because the companies could not be located and/or no valid contact information for the firms was found. Staff has made multiple attempts to deliver the Commission's importer questionnaire (by fax, email, overnight courier, and U.S. Postal Service) to the companies that have not provided a response to the Commission's request in this review.

² As indicated in Part I of this report, the HTS statistical reporting number specific to rotors was created in July 2004; however, this narrower HTS category is still a broader product grouping than the subject merchandise in that it includes not only OEM brake rotors but also aftermarket brake rotors produced by Chinese firms not subject to the antidumping duty order. Regardless, the Coalition indicated in its response to the Commission's notice of institution in this review that it believes that the large majority of imports entering the United States under this HTS number are aftermarket rotors because, until recently, OEMs would generally not buy rotors produced in China. *Response of Coalition*, August 21, 2007, p. 8. Therefore, the coverage figures indicated appear to be a reasonable estimate, although they may be somewhat understated.

(1) exchange rate changes, (2) anticipated increases in the price of raw materials, (3) anticipated elimination of Chinese government rebates, (4) anticipated increases in freight costs, and (5) anticipated increases in global energy prices.

The Commission requested U.S. importers to indicate whether or not their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; or any other change in the character of their operations or organization relating to the importation of aftermarket brake rotors since 1997 (the year in which the antidumping duty order under review became effective). The Commission also asked U.S. importers if they anticipate any changes in the character of their operations or organization relating to the importation of aftermarket brake rotors in the future. Eleven U.S. importers indicated that their firms had experienced such changes and five of these same U.S. importers indicated that they also anticipate future changes. The information provided by these 11 U.S. importers is presented in table IV-1.

Table IV-1
Brake rotors: Reported and anticipated changes in the character of U.S. importer operations, by firms

* * * * *

U.S. IMPORTS

Subject imports of aftermarket brake rotors from China and from all nonsubject sources for the annual periods 2002-07 appear in table IV-2. Because of the relatively low response rate by U.S. importers to the Commission's questionnaire, the import quantity data for the subject merchandise presented in the body of this report are based on the quantity of exports to the United States as reported in foreign producer questionnaire responses; the import value data presented for the subject merchandise was constructed using the unit value data provided in the U.S. importer questionnaire responses. Import data presented for nonsubject rotors are based on official Commerce statistics. Therefore, the subject import data are understated to the extent that some Chinese producers subject to the antidumping duty order did not respond to the Commission's questionnaire and the nonsubject import data are overstated to the extent that the official statistics include merchandise that does not meet Commerce's scope description of aftermarket brake rotors (i.e., OEM brake rotors, rotors that fall outside the defined physical parameters, and brake drums³). Official Commerce import statistics are also presented in their entirety separately at table C-2 in appendix C.

The quantity of subject imports from China increased overall from 7.7 million rotors in 2002 to 33.1 million rotors in 2007. The ratio of U.S. imports of subject aftermarket brake rotors from China to U.S. production of aftermarket brake rotors increased throughout the period examined, with the greatest increase reported during the latter annual periods. In fact, during 2002, subject imports from China were slightly less than *** the level of domestic production of aftermarket brake rotors; however, by 2007, subject imports climbed to a level that was more than *** times the level of domestic production.

Between 2002 and 2007, the share of total U.S. imports held by subject imports (on the basis of quantity) increased overall from a low of 13.9 percent in 2002 to a high of 39.5 percent in 2007. The share of imports of aftermarket brake rotors from other (nonsubject) Chinese sources fluctuated during

³ Brake drums are included in the same "basket" HTS classification as brake rotors only in the periods prior to July 2004.

Table IV-2
Brake rotors: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
Quantity (1,000 rotors)						
China (subject) ¹	7,703	12,882	14,961	17,743	23,796	33,073
China (nonsubject) ²	5,549	6,951	3,809	4,570	7,738	13,492
Other sources ³	42,300	38,075	32,259	39,658	41,691	37,170
Total	55,551	57,908	51,030	61,971	73,225	83,735
Value (1,000 dollars)⁴						
China (subject) ¹	48,884	78,204	99,807	158,808	168,307	275,184
China (nonsubject) ²	32,822	44,162	26,952	32,027	51,310	100,468
Other sources ³	592,580	565,743	523,590	472,382	538,848	507,633
Total	674,286	688,109	650,348	663,217	758,465	883,285
Unit value (per rotor)						
China (subject) ¹	\$6.35	\$6.07	\$6.67	\$8.95	\$7.07	\$8.32
China (nonsubject) ²	5.91	6.35	7.08	7.01	6.63	7.45
Other sources ³	14.01	14.86	16.23	11.91	12.92	13.66
Total	12.14	11.88	12.74	10.70	10.36	10.55

Table continued on the following page.

Table IV-2--Continued
Brake rotors: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
Share of quantity (percent)						
China (subject) ¹	13.9	22.2	29.3	28.6	32.5	39.5
China (nonsubject) ²	10.0	12.0	7.5	7.4	10.6	16.1
Other sources ³	76.1	65.8	63.2	64.0	56.9	44.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
China (subject) ¹	7.2	11.4	15.3	23.9	22.2	31.2
China (nonsubject) ²	4.9	6.4	4.1	4.8	6.8	11.4
Other sources ³	87.9	82.2	80.5	71.2	71.0	57.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production (percent)						
China (subject) ¹	***	***	***	***	***	***
China (nonsubject) ²	***	***	***	***	***	***
Other sources ³	***	***	***	***	***	***
Total	***	***	***	***	***	***
<p>¹ Subject Chinese manufacturers identified in U.S. importer questionnaires were the following: ***.</p> <p>² Nonsubject Chinese manufacturers identified in U.S. importer questionnaires were the following: ***.</p> <p>³ Other sources identified in U.S. importer questionnaires were the following: ***. The leading nonsubject country suppliers for imports entering the United States under HTS 8708.30.5030 during 2007 (and their shares of the total quantity of U.S. imports of all brake rotors) were as follows: Mexico (19.2 percent); Canada (7.2 percent); Germany (3.8 percent); Brazil and Taiwan (2.0 percent each); and Japan (1.8 percent).</p> <p>⁴ Landed, duty-paid.</p> <p>Source: "China (subject)" data are compiled from data submitted in response to Commission questionnaires. Specifically, "China (subject)" import quantity is the quantity of exports to the United States reported by subject Chinese producers in the Commission's foreign producer questionnaires. "China (subject)" import value is constructed by multiplying the average unit value of U.S. imports of subject merchandise compiled from the Commission's importer questionnaire responses by this quantity. "China (nonsubject)" and "other sources" are compiled from official Commerce import statistics.</p>						

the period examined, ranging from a low of 7.4 percent in 2005 to a high of 16.1 percent in 2007. The share of total imports held by all sources other than China generally fell from a high of 76.1 percent in 2002 to a low of 44.4 percent in 2007.

The unit values of subject imports of aftermarket brake rotors from China fluctuated upward throughout the period, from \$6.35 per rotor in 2002 to \$8.32 per rotor in 2007. These unit values were consistently lower than the unit values reported for all sources other than China, but were higher than the unit values reported for nonsubject Chinese rotors during 2002 and 2005-07.

The Commission requested U.S. importers to provide information concerning the timing, the quantities involved, and the manufacturers of the U.S. imports of aftermarket brake rotors from China for

which they had arranged for delivery after December 31, 2007. Eight importers indicated that they had no such arrangements; however, 13 importers reported arrangements for the importation of aftermarket brake rotors from China for delivery after December 31, 2007, and provided the information concerning such imports. The information they provided in response to the Commission's request is presented in table IV-3. As indicated from the information in the table, the 13 responding U.S. importers reported that together they had already arranged or received delivery of approximately 4.6 million rotors from Chinese companies subject to the antidumping duty order after December 31, 2007.

Table IV-3

Brake rotors: U.S. imports from China arranged for delivery after December 31, 2007, by importing firm

* * * * *

As shown in table IV-2, 44.4 percent of aftermarket brake rotors imported into the United States during 2007 were from nonsubject countries, 16.1 percent were from nonsubject Chinese sources (i.e., from Chinese companies excluded from the antidumping duty order), and 39.5 percent were from subject Chinese sources. Importer questionnaire responses also confirm that, during the period for which data were collected, a substantial portion of U.S. imports of aftermarket brake rotors from China were nonsubject product that had been produced/exported by Chinese firms excluded from the antidumping duty order by Commerce. Nonsubject sources of imports identified in importer questionnaire responses (other than excluded Chinese firms) include the following: ***. According to official import statistics, the leading nonsubject country suppliers for imports entering the United States under HTS 8708.30.5030 during 2007 (and their shares of the total quantity of U.S. imports of all brake rotors) were as follows: Mexico (19.2 percent); Canada (7.2 percent); Germany (3.8 percent); Brazil and Taiwan (2.0 percent each); and Japan (1.8 percent). Imports from all countries other than China accounted for 38.9 percent of total U.S. imports of all brake rotors during 2007 (according to official import statistics).

U.S. IMPORTERS' INVENTORIES

Data relating to U.S. importers' inventories of aftermarket brake rotors are presented in table IV-4. As the data presented in table IV-4 illustrate, inventories of subject imports from China increased by more than *** from 2002 to 2007, with the largest quantity increases reported during the last two annual periods examined. Inventories of nonsubject imports (i.e., imports from nonsubject Chinese firms and nonsubject countries combined) also increased overall from 2002 to 2007, but were *** (about *** percent) of the total inventories held by U.S. importers of the subject merchandise.

Relative to import quantity, inventories of subject imports accounted for a substantial share, especially during the latter annual periods examined. The ratio of subject inventories to subject import quantity increased steadily from a low of *** percent in 2002 to a high of *** percent in 2007. Inventories of imports from nonsubject countries were relatively high in comparison to the import quantity, ranging from *** percent to *** percent throughout the period examined; inventories of imports from nonsubject firms in China, on the other hand, accounted for much smaller shares of import quantity, ranging from *** percent to *** percent.

Table IV-4
Brake rotors: U.S. importers' end-of-period inventories of imports, by source, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
China (subject imports): Inventories (1,000 rotors)	694	1,271	1,447	1,515	4,915	6,582
Ratio to imports (percent)	10.5	11.2	11.5	12.3	25.9	29.4
Ratio to U.S. shipments of imports (percent)	12.2	16.6	14.8	15.5	35.5	37.5
China (nonsubject imports): Inventories (1,000 rotors)	***	***	***	***	***	***
Ratio to imports (percent)	***	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***	***
Other sources: Inventories (1,000 rotors)	197	283	379	497	517	654
Ratio to imports (percent)	60.9	53.7	54.6	59.1	72.0	58.8
Ratio to U.S. shipments of imports (percent)	78.4	64.8	64.4	71.0	75.5	70.1
All sources: Inventories (1,000 rotors)	***	***	***	***	***	***
Ratio to imports (percent)	***	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***	***

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

THE SUBJECT INDUSTRY IN CHINA

In the original investigation, 11 Chinese firms provided brake rotor information to the Commission; these firms consisted of those manufacturers/exporters that had received company-specific rates during Commerce's original dumping investigation. Aggregate exports to the United States for the 11 firms accounted, however, for only 29.4 percent of subject brake rotor imports from China in 1995.⁴

In its response to the Commission's notice of institution in the first review, the Coalition identified 29 companies that had produced subject rotors in China that were ultimately sold in the United States. Further, citing data maintained by Customs, the Commission reported in the first review that the number of Chinese firms manufacturing brake rotors (and drums) rose from *** in 1999 to *** in 2001.⁵

⁴ *Certain Brake Drums and Rotors From China: Investigation No. 731-TA-744 (Final)*, USITC Publication 3035, April 1997, p. VII-1.

⁵ *Staff Report*, June 28, 2002 (INV-Z-099), pp. I-31 - I-32.

The Coalition listed in its response in this second five-year review 38 companies that have produced and/or exported subject rotors in China that were ultimately sold in the United States.⁶ The Chinese respondents indicated in their response that the 12 Chinese producers responding to the Commission’s notice of institution in this current review continue to export subject merchandise to the United States. Chinese respondents also listed Affinia’s and Federal-Mogul’s related entities in China that they believe continue to export subject merchandise to the United States. In addition, they listed 10 Chinese companies that have exported subject merchandise to the United States in the past and they listed the following 5 Chinese firms that were excluded from the original 1997 antidumping duty order: China National Machinery Import & Export Co. (“CAIEC”); CAPCO; Shenyang Honbase and Laizhou Luyuan; China National Machinery and Equipment Import & Export (Xinjiang) Corp. (“Xinjiang”); and Zibo Botai.⁷ The Chinese respondents reported that these excluded Chinese companies have continued to ship aftermarket brake rotors to the United States that are not subject to the order but otherwise meet the physical description of the merchandise within the scope of the order.⁸

The Commission’s foreign producer questionnaire was sent to 34 firms in China for which valid contact information was obtained.⁹ In the current review, 13 subject Chinese producers of aftermarket brake rotors provided data in response to the Commission’s questionnaire. Based on official Commerce statistics for U.S. imports of brake rotors, these Chinese producers’ exports to the United States accounted for at least 73.6 percent of total subject U.S. imports of brake rotors from China in 2007.¹⁰ Table IV-5 presents a summary of information regarding the 13 reporting Chinese producers of subject aftermarket brake rotors. Only one of the responding Chinese producers indicated that it had a related U.S. firm that imported subject merchandise into the United States. *** reported that it is related to U.S. importer ***. In addition, Chinese producer *** indicated that it was related to ***, a producer of aftermarket brake rotors in Taiwan. As the information in table IV-5 shows, *** was *** the largest reporting producer of subject rotors in China during 2007, accounting for slightly more than *** of all reported subject aftermarket brake rotor production in China and exports of such merchandise to the United States.¹¹

Table IV-5
Brake rotors: Reporting Chinese producers, shares of reported production, and shares of reported exports to the United States, 2007

* * * * *

⁶ *Response* of Coalition, August 21, 2007, pp. 24-26.

⁷ Only certain combinations of the five mentioned manufacturers/exporters were in fact excluded from the order.

⁸ *Response* of Chinese respondents, August 21, 2007, pp. 15-17.

⁹ Valid contact information was not available for the following 17 additional Chinese firms identified by interested parties as producers of aftermarket brake rotors: Beijing Xingchangyuan Automobile Fittings Corp. Ltd.; Changzhi Automotive Parts Factory; Jilin Provincial Machinery and Equipment; Laizhou Auto Brake Co. Ltd.; Laizhou Magnetic Iron Powder Clutch Factory; Longjing Walking Tractor Works Foreign Trade Import & Export Corp.; Longkou Bohai Machinery Corp.; Longkou Longji Machinery Co., Ltd.; Qingdao Golrich Autoparts Co., Ltd.; Shanxi Fengkun Metallurgical Ltd., Co.; Shenyang Jinde Machinery Co., Ltd.; Shenyang Railway Brake Factory Foundry Branch; Xianfen Hengtai Brake System Co.; Xuzhou Canal Machinery; Yangtze Machinery Corp.; Yantai Mouping Hongli Machinery Factory; and Zhuzhou Torch Spark Plug Co.

¹⁰ The coverage figure presented is somewhat understated. As noted previously, the HTS category under which the subject merchandise is categorized is a broader product grouping, including OEM brake rotors and other products outside the physical parameters of Commerce’s scope definition.

¹¹ Laizhou CAPCO, which is excluded from the antidumping duty order, considers itself to be the largest producer of aftermarket brake rotors in China. *Prehearing brief* of Chinese respondents, p. 32.

Table IV-6 presents comparative information available from the original investigation and this second review.¹²

Table IV-6
Brake rotors: Comparison of select subject Chinese industry data, 1995 and 2007

Item	1995	2007
Capacity (1,000 rotors)	2,833	39,758
Production (1,000 rotors)	2,419	35,648
Capacity utilization (percent)	85.4	89.7
Exports/shipments (percent)	82.7	98.5
Inventories/shipments (percent)	4.3	2.1
<p>Note.--Data for 1995 were provided by 11 Chinese producers, whose aggregate exports to the United States accounted for 29.4 percent of subject brake rotor imports from China in 1995. Data for 2007 were provided by 13 Chinese producers, whose aggregate exports to the United States accounted for 73.6 percent of subject brake rotor imports from China in 2007.</p> <p>Source: <i>Staff Report</i>, March 18, 1997 (INV-U-020), table VII-2; and Commission questionnaire responses.</p>		

Data provided by 13 Chinese subject producers concerning their aftermarket brake rotor operations for 2002-07 are presented in table IV-7. Regarding alternative products, none of the responding Chinese producers of subject aftermarket brake rotors indicated that they have produced, or anticipate producing in the future, other products on the same equipment and machinery or using the same production employees used in the production of aftermarket brake rotors. In fact, all responding Chinese firms reported that 100 percent of their firms' total sales in the most recent fiscal year was represented by sales of aftermarket brake rotors.

Only 2 of the 13 responding Chinese producers reported that they had a business plan or internal document that describes, discusses, or analyzes expected future market conditions for aftermarket brake rotors.¹³ Both firms provided the Commission with the requested documents.¹⁴ In the minutes of its annual company meeting *** reported that in the face of the more intense market competition, it had planned to "actively develop new markets and broaden the sales markets." In particular it stated the following: "We shall especially focus on the business development in our home market & the European market and look for the new business market. Our goal is to increase the sales revenue more than 20 percent." *** provided a series of data showing the company's forecasted capacity and production estimates for 2008-12. These data indicate that the company has no plans to increase capacity from the level reported in 2007 and that it forecasts its production level to drop slightly during 2010-12.

The data presented in table IV-7 show that the combined capacity to produce subject aftermarket brake rotors in China increased consistently from 13.7 million rotors in 2002 to 39.8 million rotors in 2007. Nine of the responding 13 Chinese producers providing capacity data reported such increases in

¹² There were no data concerning the Chinese rotor industry available during the Commission's expedited first five-year review of the antidumping duty order. *Staff Report*, June 28, 2002 (INV-Z-099), p. I-31.

¹³ The remaining 11 responding Chinese producers indicated in their questionnaire responses that their firms do not maintain such documents. Several of these firms explained that they do not need such business plans for aftermarket brake rotors because they are small companies that have stable relationships with established clients.

¹⁴ These two firms are ***.

Table IV-7
Brake rotors: Subject Chinese capacity, production, shipments, and inventories, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
Quantity (1,000 rotors)						
Capacity	13,732	19,752	24,752	31,910	34,458	39,758
Production	9,098	15,016	18,460	23,670	28,083	35,648
End-of-period inventories	506	663	785	2,207	972	744
Shipments:						
Internal consumption	0	0	0	0	0	0
Commercial home market shipments	315	927	1,455	2,766	2,851	545
Exports to--						
United States	7,703	12,882	14,961	17,743	23,796	33,073
European Union	5	31	151	259	877	471
Asia	51	179	485	623	681	682
All other markets	927	840	1,286	856	1,112	1,103
Total exports	8,686	13,932	16,883	19,481	26,466	35,330
Total shipments	9,001	14,859	18,338	22,247	29,317	35,874
Value (\$1,000)						
Commercial shipments:						
Home market	1,496	3,244	7,003	10,100	14,167	3,381
Exports to--						
United States	40,867	65,487	87,012	108,177	154,066	232,745
European Union	19	102	728	2,368	5,483	3,526
Asia	171	689	2,451	4,209	4,241	5,679
All other markets	3,692	3,682	6,468	4,472	5,808	6,056
Total exports	44,749	69,960	96,659	119,226	169,598	248,006
Total commercial shipments	46,245	73,204	103,662	129,326	183,765	251,387

Table continued on following page.

Table IV-7--Continued

Brake rotors: Subject Chinese capacity, production, shipments, and inventories, 2002-07

Item	Calendar year					
	2002	2003	2004	2005	2006	2007
Unit value (per rotor)						
Commercial shipments: Home market	\$4.75	\$3.50	\$4.81	\$3.65	\$4.97	\$6.20
Exports to-- United States	5.31	5.08	5.82	6.10	6.47	7.04
European Union	3.80	3.29	4.82	9.14	6.25	7.49
Asia	3.35	3.85	5.05	6.76	6.22	8.33
All other markets	3.98	4.38	5.03	5.23	5.22	5.49
Total exports	5.15	5.02	5.73	6.12	6.41	7.02
Total commercial shipments	5.14	4.93	5.65	5.81	6.27	7.01
Ratios and shares (percent)						
Capacity utilization	66.3	76.0	74.6	74.2	81.5	89.7
Inventories to production	5.6	4.4	4.2	9.3	3.5	2.1
Inventories to total shipments	5.6	4.5	4.3	9.9	3.3	2.1
Share of total quantity of: Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0
Home market	3.5	6.2	7.9	12.4	9.7	1.5
Exports to-- United States	85.6	86.7	81.6	79.8	81.2	92.2
European Union	0.1	0.2	0.8	1.2	3.0	1.3
Asia	0.6	1.2	2.6	2.8	2.3	1.9
All other markets	10.3	5.7	7.0	3.8	3.8	3.1
Total exports	96.5	93.8	92.1	87.6	90.3	98.5
Source: Compiled from data submitted in response to Commission questionnaires.						

their capacity to produce rotors, two of which included the opening of new facilities. Four of the responding Chinese producers indicated that their increases in reported capacity were explained by the acquisition of new equipment, whereas three indicated that their increases were due to increases in production efficiencies. Other reasons for the reported increases included changes in the availability of raw material and changes in “labors & assets.” Furthermore, Chinese producers indicated that the supply of raw material, especially the supply of steel scrap and coke, the labor supply, the size of the facility, and technical constraints set the limit on their production capacity. One Chinese producer explained that the production of brake rotors is a labor-intensive process, yet there has been a shortage in the labor supply and the cost of labor has increased.

The Commission asked Chinese producers to indicate whether or not they had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials; or any other change in the character of their operations or organization relating to the production of aftermarket brake rotors since 1997 (the year in which the antidumping duty order under review became effective). Eight Chinese producers indicated that they had experienced no such changes in the character of their operations and five firms indicated that such changes had occurred. None of the 13 responding Chinese producers indicated that they anticipated any change in the character of operations in the future. Details concerning the changes in the character of operations reported by these five firms are presented in table IV-8.

Table IV-8
Brake rotors: Reported changes in the character of operations reported by subject Chinese producers

* * * * *

The Commission asked the Chinese producers if they had any plans to add, expand, curtail, or shut down production capacity and/or production of aftermarket brake rotors in China in the future. None of the Chinese producers indicated that they had any such plans. The subject Chinese rotor producers reported that their brake rotor capacity is based on operating *** hours per week, *** weeks per year.

Total shipments of aftermarket brake rotors by Chinese producers subject to the antidumping duty order increased throughout the period examined. By 2007, total shipments were almost four times greater than they were in 2002. Shipments to the home market by the Chinese producers steadily increased from 2002 to 2006, but dropped off considerably in 2007. Concerning the decline in Chinese home market shipments in 2007, Federal-Mogul stated the following:

the decline in home market shipments reflects the fact that the Chinese exporters reporting data to the Commission are the ones capable of exporting to the United States. For those companies, a shift in U.S. demand created in an incentive to satisfy that demand in the U.S. market. However, there are a number of Chinese producers of aftermarket rotors who simply are not capable of exporting to the United States. Those companies, in all likelihood, increased their shipments in the Chinese market to meet growing demand there.¹⁵

The Chinese producers' exports to the United States, which increased from 7.7 million rotors in 2002 to 33.1 million rotors in 2007, accounted for the vast majority of the firms' total shipments of aftermarket brake rotors, ranging from a low of 79.8 percent of total shipments in 2005 to a high of 92.2 percent in 2007. The Chinese respondents argued that the increase in subject exports of aftermarket brake rotors to the United States in 2007 "was atypical." They explained that "U.S. importers and purchasers resorted to purchase brake rotor quantities that they would have otherwise not purchased in that year" because of the talk of "tight supply from China, combined with inflationary raw material costs in China." They further noted that "Chinese sales to the United States are expected to decline because of increasing exports to the European market and to China's home market."¹⁶

The Commission asked producers of aftermarket brake rotors in China and importers of subject merchandise to identify tariff or non-tariff barriers to trade (for example, antidumping or countervailing

¹⁵ *Posthearing brief* of Federal-Mogul, p. 41.

¹⁶ *Posthearing brief* of Chinese respondents, p. Q-28.

duty findings or remedies, tariffs, quotas, or regulatory barriers) concerning their exports of aftermarket brake rotors to countries other than the United States. The Commission also asked the firms to identify ongoing investigations in countries other than the United States that could result in tariff or non-tariff barriers to trade for their exports of aftermarket brake rotors. None of the Chinese producers or U.S. importers of the subject merchandise responding to the Commission's questionnaire indicated that there were such barriers to trade in countries other than the United States. However, in its response to the Commission's notice of institution in this review, the Coalition noted that brake rotors entering the United States are assessed a regular duty of 2.5 percent *ad valorem*, whereas other destinations, such as Argentina, Brazil, Canada, the European Union, and Mexico, assess much higher import duties on brake rotors.¹⁷ The Coalition argued that these relatively high regular duties imposed on imports of aftermarket brake rotors by other countries increase the likelihood that the subject rotors produced in China will be diverted to the U.S. market.¹⁸

The ability of producers in China to shift sales between the U.S. market and alternative country markets may be moderated by existing relationships with current customers. Eleven of the 13 responding producers in China reported in their foreign producer questionnaire responses that they have long-term contracts and/or relationships with existing customers, which make it difficult to shift sales of aftermarket brake rotors between the U.S. market and alternative country markets. In addition, two Chinese producers noted that it is difficult to shift sales between the U.S. market and alternative country markets due to the different rotor models required in the different country markets. One of the 13 responding Chinese producers simply indicated that the question is not applicable because it does not sell aftermarket brake rotors in third-country markets.

The Commission asked producers of aftermarket brake rotors in China whether there are significant differences in the product range, product mix, and marketing of aftermarket brake rotors sold in their home market compared with the rotors sold to the United States and to third-country markets. Ten of 13 responding producers indicated that there are significant differences. The same 10 producers also reported that the rotors sold in their home market are not interchangeable with the rotors sold to the United States and to third-country markets because the models of the cars sold in the Chinese market are different from the car models sold in the United States and other countries, requiring different models of brake rotors. One producer explained, however, that some of the brake rotors destined for both Europe and the United States are interchangeable because the same model cars are sold in both markets (e.g., BMW and Mercedes-Benz).¹⁹ Eight producers indicated that there have been no significant changes in the product range, product mix, or marketing of the aftermarket brake rotors in the home market, the U.S. market, or the third-country markets;²⁰ nine producers reported that there are no such changes anticipated in the future and one Chinese producer stated the following concerning such anticipated changes: "China is a developing market and would be very big in the near future. We will pay much attention in the home market in the future. It will become one of the largest auto parts markets in the near future."²¹

¹⁷ It reported that the European Union assesses a 4.5-percent duty on brake rotors, Canada assesses a 6-percent duty, Mexico assesses a 7-percent duty in addition to the value added tax of 17 percent, and both Argentina and Brazil assess an 18-percent duty in addition to taxes of 24.5 percent and 31.25 percent, respectively. *Response of Coalition*, August 21, 2007, p. 31.

¹⁸ *Ibid.*

¹⁹ The remaining three Chinese producers indicated that the question was not applicable to them because they did not sell rotors to the home market.

²⁰ Three producers indicated that the question was not applicable, one indicated that it did not know whether there had been any significant changes, and one did not provide a response.

²¹ Three producers indicated that the question was not applicable to their firm because they do not supply rotors to the Chinese home market.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

Raw Materials

The primary raw material used in the production of brake rotors is gray iron. Available data for ferrous scrap indicates that while prices paid have fluctuated since 2002, they have increased substantially during 2007 (figure V-1). Over the period January 2002 to March 2008, prices for ferrous scrap rose from \$68.46 per gross ton to \$329.33 per gross ton.

U.S. producers and importers were asked to discuss any changes in raw material prices and the extent to which any changes have affected the prices for brake rotors. *** reported that raw material and energy costs have increased dramatically in the last 12 months in both the United States and in China; it expects this trend to continue as the Chinese economy grows. *** reported that Chinese companies that are making brake rotors are also buying more of the raw materials and are driving up the world market prices on commodities such as pig iron and scrap steel. *** noted that prices of brake rotors have been affected significantly as raw material and freight costs have increased; it also stated that it anticipated that these costs would ***. All of the responding importers noted that raw material costs have increased, with several noting that the increase was most dramatic in 2007. For example, one importer, ***, reported that “through 2006, raw material changes were nominal.” However, this importer noted that starting at the beginning of 2007, raw materials for brake rotors have skyrocketed and that some of its suppliers will not even give firm prices because of raw material volatility.

Transportation Costs to the U.S. Market

Transportation costs for brake rotors from China to the United States (excluding U.S. inland costs) during 2007 are estimated to be equivalent to approximately 12.8 percent of the customs value. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.¹

U.S. Inland Transportation Costs

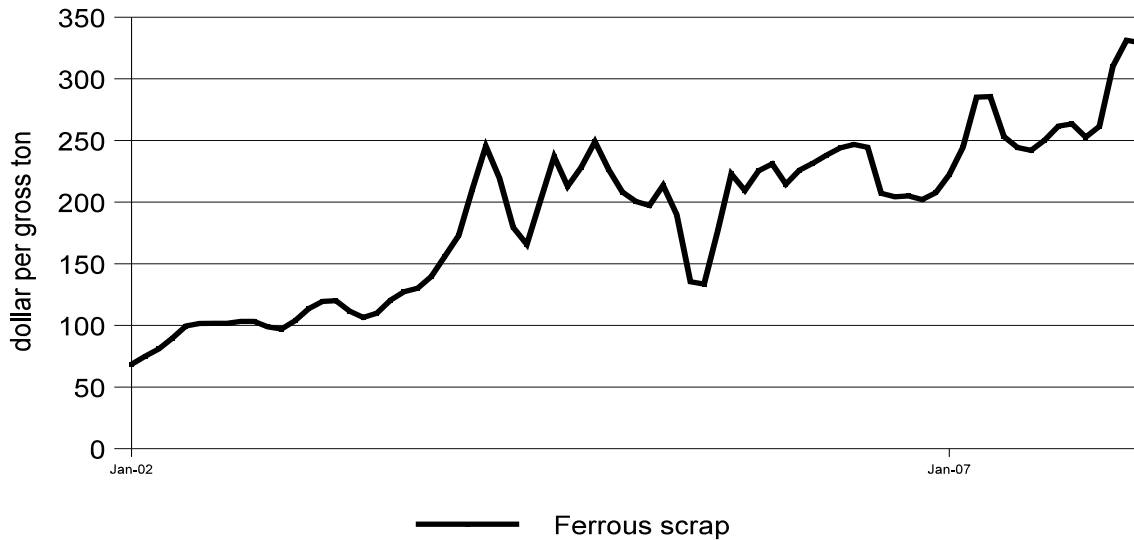
U.S. producers reported that U.S. inland transportation costs for brake rotors, as a share of total costs, ranged from approximately *** percent to *** percent.² Importers reported a larger range of estimates of U.S. inland transportation costs, ranging from 3 percent to 40 percent.

Producers and importers also were asked to estimate the shares of their sales that occurred within certain distance ranges. The two responding U.S. producers reported that a relatively small portion of their sales (*** percent or less) are made within 100 miles of their production facility. Of the remainder, these firms reported *** between shipments between 101 and 1,000 miles and over 1,000 miles. For

¹ These estimates are based on HTS statistical reporting number 8708.30.5030.

² Information from U.S. producers is based on questionnaire responses from Affinia and Federal-Mogul and is for their sales during the period of review; since Federal-Mogul is no longer producing aftermarket brake rotors in the United States, its responses do not apply for future sales.

Figure V-1
Ferrous iron: Monthly prices of no. 1 heavy melt ferrous scrap, January 2002-March 2008



Source: American Metal Market.

U.S. importers of brake rotors from China, most firms reported shipping either between 101 and 1,000 miles from their facility or more than 1,000 miles from their facility.³

Exchange Rates

Figure V-2 show the quarterly exchange rate for China during 2002-07. The nominal rate of the Chinese yuan was pegged to the U.S. dollar until the third quarter of 2005, at which point the yuan appreciated relative to the U.S. dollar. A real value is unavailable.

PRICING PRACTICES

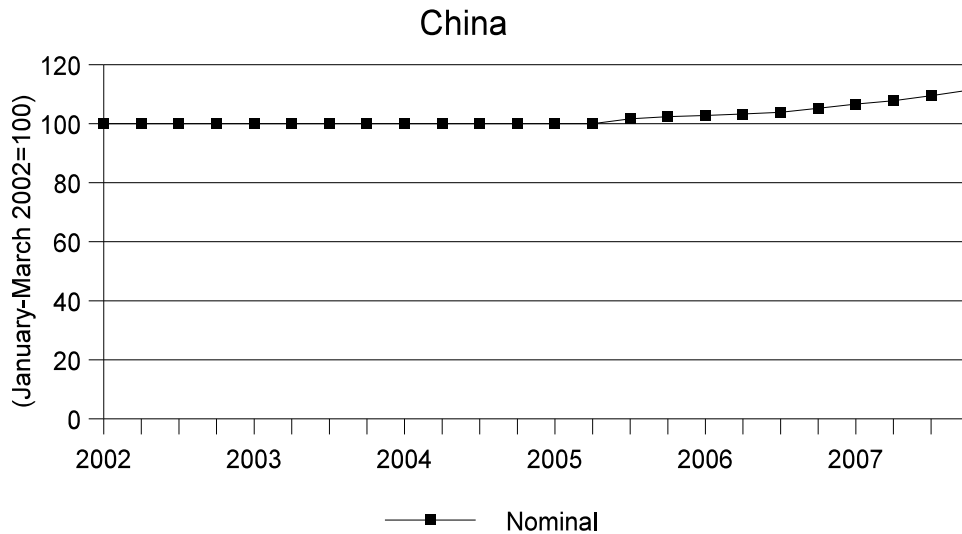
Pricing Methods

U.S. producers and importers of aftermarket brake rotors from China reported using a variety of methods to determine the prices of aftermarket brake rotors. *** stated that its prices are based on ***. *** reported that for its sales of U.S.-produced aftermarket brake rotors, prices are established using a combination of methods including ***, it also noted that it does provide printed distributor price lists. Importers of aftermarket brake rotors were varied in how their firm determines prices for these products, with firms noting that prices are based on price lists, cost plus freight, and market dynamics.

U.S. producers, importers of brake rotors from China, and Chinese foreign producers of aftermarket brake rotors reported selling brake rotors on both a contract and spot basis. For U.S.

³ Nine of 12 responding importers reported that 26 percent or less of total shipments were made within 100 miles of their facility.

Figure V-2
Exchange rate: Index of the nominal exchange rate of the Chinese currency relative to the U.S. dollar, by quarters, January 2002-December 2007



Source: International Monetary Fund, International Financial Statistics, March 12, 2008.

producers, Federal-Mogul reported that *** of its U.S.-produced brake rotors were sold on a long-term contract or spot basis, *** it stated that *** percent were on a short-term contract basis. Affinia reported that *** of its sales of domestic brake rotors were on a short-term contract basis; it sold *** on a long-term contract basis *** and *** on a spot basis. While three responding U.S. importers reported that 100 percent of their sales were on a long-term contract basis, most other importers stated that all of their sales were either on a short-term contract basis (three firms) or all were on a spot basis (eight firms). Of the 12 responding Chinese producers, three firms reported that 100 percent of their sales to U.S. customers were on a long-term contract basis, four firms reported that 100 percent of their sales were on a short-term contract basis, and three firms reported that 100 percent of their sales were on a spot basis.

Importers that reported using long-term contracts noted that contracts ranged from one year in duration to three years.⁴ With regard to terms of the contracts, two of the three firms stated that prices can be renegotiated during the term of the contract and that contracts tend to have meet-or-release provisions.

Chinese producers that reported using long-term contracts for sales to U.S. customers stated that the average duration of contracts was 12-18 months. Chinese producers were mixed with regard to contract terms, with three reporting that long-term contracts did not fix either prices or quantities and two firms reporting that contracts fixed both. Three of five responding Chinese producers noted that prices are not renegotiated within a contract period; three firms also noted that their contracts do contain meet-or-release clauses.

⁴ Two importers, ***, reported that contracts are typically one year in duration while one additional importer, ***, reported that contracts are typically 3 years long.

With regard to short-term contracts, Affinia reported that most are for a period of ***. Five importers provided information on their short-term contracts. These firms reported that durations of contracts ranged from 30 days to 12 months. The terms vary, with two firms reporting that the contracts did not fix price or quantity, two noting that they just fixed price, and one stating that both price and quantity were fixed. With regard to meet-or-release provisions, two importers reported that their short-term contracts did contain them and three reported that they did not. Six Chinese producers provided information on their short-term contracts with U.S. customers. These firms reported that short-term contracts generally lasted between 45 and 120 days.⁵ Four of the six responding Chinese producers reported that both price and quantity are fixed, with three of these firms noting that prices can be renegotiated during the term of the contract. One half of the responding firms also noted that their short-term contracts contain meet-or-release clauses.

In the U.S. brake rotor market, U.S. producers reported selling product from inventory while most importers and all of the responding Chinese producers reported selling product produced to order. The two responding producers reported that *** percent of their sales are from inventory. Of the responding importers, eight firms reported that 60 percent or more of their sales were for product produced to order, with four of these firms noting that 100 percent were produced to order. All of the 11 responding Chinese producers reported that more than 90 percent of their sales are on a made-to-order basis. As a result, leadtimes reported by U.S. producers were much lower than those reported by U.S. importers and Chinese suppliers. Affinia and Federal-Mogul reported leadtimes of *** and ***, respectively. Importers, on the other hand, reported leadtimes for delivery ranging from 40 to 120 days, with five of eight reporting leadtimes of 90 days. Leadtimes for delivery reported by Chinese producers ranged from 2 to 6 months.

Both U.S. producers and the majority of importers reported that sales of aftermarket brake rotors are done on a freight prepaid or delivered basis. *** reported offering a 2- percent discount on their sales of domestic brake rotors if payment is made within a certain time period. While three importers of brake rotors from China reported offering 2-percent payment discounts, most responding importers noted that sales terms are usually net 30, 77, 90, or 120 days.

Discounts and Promotions

U.S. producers and importers of brake rotors from China both reported using some discounts for their sales. For its sales of U.S.-produced brake rotors, Affinia reported that discounts and/rebates vary ***. Affinia noted that consideration for discounts include ***. Federal-Mogul also reported using ***.

PRICE DATA

The Commission requested U.S. producers and importers of brake rotors to provide quarterly data for the total quantity and f.o.b. (U.S. point of shipment) value of brake rotors that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 2002 to December 2007. The products for which pricing data were requested are defined as follows:

***Product 1.*—Brake rotor models of AIMCO part number 54010, or models that otherwise conform to that AIMCO part number.**

***Product 2.*—Brake rotor models of AIMCO part number 55034, or models that otherwise conform to that AIMCO part number.**

⁵ One Chinese producer noted that its short-term contracts were 12 months in duration.

Product 3.—Brake rotor models of AIMCO part number 55040, or models that otherwise conform to that AIMCO part number.

Product 4.—Brake rotor models of AIMCO part number 55066, or models that otherwise conform to that AIMCO part number.

Two U.S. producers of brake rotors and 10 importers of subject brake rotors from China provided usable pricing data for sales of the requested products, although not all firms reported pricing for all quarters. Tables V-1 through V-4 and figures V-3 through V-6 present f.o.b. (U.S. point of shipment) selling prices for the four brake rotor products defined above produced and sold in the United States as well as for products produced in China and imported and sold in the U.S. market. By quantity, pricing data reported by responding firms in 2007 accounted for approximately *** percent of reported U.S. commercial shipments of U.S.-produced brake rotors and for 3.1 percent of reported U.S. commercial shipments of Chinese brake rotors.

Table V-1

Brake rotors: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January-March 2002 to October-December 2007

* * * * *

Table V-2

Brake rotors: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January-March 2002 to October-December 2007

* * * * *

Table V-3

Brake rotors: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January-March 2002 to October-December 2007

* * * * *

Table V-4

Brake rotors: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January-March 2002 to October-December 2007

* * * * *

Figure V-3

Brake rotors: Weighted-average f.o.b. prices of domestic and imported product 1, by quarters, January 2002 to December 2007

* * * * *

Figure V-4
Brake rotors: Weighted-average f.o.b. prices of domestic and imported product 2, by quarters, January 2002 to December 2007

* * * * *

Figure V-5
Brake rotors: Weighted-average f.o.b. prices of domestic and imported product 3, by quarters, January 2002 to December 2007

* * * * *

Figure V-6
Brake rotors: Weighted-average f.o.b. prices of domestic and imported product 4, by quarters, January 2002 to December 2007

* * * * *

Producers and importers were not requested to report price data separately for premium and economy brake rotors. The data reported for *** represent sales of premium rotors.⁶ Data for imports of brake rotors from China generally represent sales of economy brake rotors. ***; these data, along with U.S. producers' and U.S. importers' prices, are presented in table V-5.⁷

Price Trends

Weighted-average f.o.b prices for domestic brake rotors generally fluctuated for all four products over the period for which data were collected. For product 1, U.S. producers' prices decreased by *** percent from January-March 2002 to July-September 2003, increased by *** percent in October-December 2003, and then remained fairly stable for the remainder of the period for which data were collected. Overall, prices for domestic product 1 were *** percent lower at the end of 2007 as compared to the beginning of 2002. Weighted-average prices for domestic product 2 increased during 2002 then declined irregularly throughout the remainder of the period for which data were collected and were *** percent lower at the end of the period than they were at the beginning. Prices for domestically produced product 3 increased in 2002, then declined irregularly throughout the remainder of the period, however, prices for U.S.-produced product 3 were *** percent higher at the end of 2007 than they were at the beginning of 2002. Prices for U.S.-produced product 4 increased irregularly from January-March 2002 to their highest level in January-March 2004; these prices then declined irregularly and ended the period *** percent lower than they were at the beginning of the period.

Weighted-average prices for brake rotors imported from China generally declined over the period, although all four price series show fluctuations over the period. Overall price declines for Chinese brake rotor products 1-4 were 17.8, 15.9, 19.2, and 46.8 percent, respectively.

⁶ Questionnaire response of *** and email correspondence from ***, dated May 1, 2008. ***.

⁷ As can be seen in table V-5, prices reported by ***.

Table V-5
Brake rotors: F.o.b. prices of domestic and imported premium and economy products 1-4, by
quarters, April-June 2007 to October-December 2007

* * * * *

Price Comparisons

There were 96 possible comparisons between prices for U.S.-produced and Chinese aftermarket brake rotors.⁸ In all of these instances, the Chinese products were priced lower than the U.S.-produced products. The following tabulation shows the ranges of margins of underselling for each of the four products for which price data were requested.

Product	Margins of underselling (in percent)
Product 1	50.3 to 77.2
Product 2	64.9 to 79.2
Product 3	60.1 to 73.9
Product 4	65.8 to 86.5

⁸ As noted earlier, price data reported by U.S. producers for U.S.-produced brake rotors are for ***.

APPENDIX A

***FEDERAL REGISTER* NOTICES AND THE
COMMISSION'S STATEMENT ON ADEQUACY**

SUMMARY: Pursuant to the National Environmental Policy Act and the California Environmental Quality Act (CEQA), the Bureau of Reclamation (Reclamation) and the Yuba County Water Agency (YCWA) have made available for public review and comment the Draft EIR/EIS for the Proposed Lower Yuba River Accord (Yuba Accord).

Two public hearings will be held to provide interested individuals and organizations with an opportunity to comment verbally and in writing on the Draft EIR/EIS.

The purpose of the Yuba Accord is to resolve instream flow issues associated with operation of the Yuba River Development Project (Yuba Project) in a way that protects and enhances lower Yuba River fisheries and local water-supply reliability. At the same time, it would provide revenues for local flood control and water supply projects, water for the CALFED Program to use for protection and restoration of Sacramento-San Joaquin Delta (Delta) fisheries, and improvements in statewide water supply management, including supplemental water for the Central Valley Project (CVP) and the State Water Project (SWP).

DATES: Two public hearings will be held on August 1, 2007 from 2 to 3 p.m. and from 6 to 7 p.m. in Marysville, California.

Submit written comments on the Draft EIR/EIS on or before August 24, 2007 at the address provided below.

ADDRESSES: The hearings will be at the Yuba County Water Agency, 1220 F Street, Marysville, CA 95901.

Send written comments to Ms. Dianne Simodynes, HDR|Surface Water Resources, Inc., 1610 Arden Way, Suite 175, Sacramento, CA 95815-4041. Send requests for a compact disk or a bound copy of the Draft EIR/EIS to Dianne Simodynes, telephone: (916) 569-1096. The Yuba Accord Draft EIR/EIS will also be available on the web at: http://www.usbr.gov/mp/nepa/nepa_projdetails.cfm?Project_ID=2549.

FOR FURTHER INFORMATION CONTACT: Mr. Tim Rust, Reclamation, Bureau of Reclamation, Division of Resources Management, 2800 Cottage Way, Sacramento, CA 95825, at (916) 978-5516, or by e-mail at trust@mp.usbr.gov; or Mr. Curt Aikens, YCWA, at 1220 F Street, Marysville, CA 95901, at (530) 741-6278, or by e-mail at caikens@ycwa.com.

SUPPLEMENTARY INFORMATION: The Yuba Accord represents an effort on the part of the Yuba River stakeholders to find a solution to the challenges of

competing interests by providing water for fisheries, developing new tools to ensure local reliable water supply, crafting a revenue stream to pay for the Yuba Accord, and providing additional water for out-of-county environmental and consumptive uses. These various objectives would be met through implementation of the Yuba Accord, which includes the "Principles of Agreement for Proposed Lower Yuba River Fisheries Agreement" (Fisheries Agreement), the "Principles of Agreement for Proposed Conjunctive Use Agreements" (Conjunctive Use Agreements), and the "Principles of Agreement for Proposed Long-term Transfer Agreement" (Water Purchase Agreement).

The Yuba Accord agreements are:

- A Fisheries Agreement among YCWA, California Department of Fish and Game, and the collective non-governmental organizations, with the U.S. Fish and Wildlife Service and the National Oceanic and Atmospheric Administration, National Marine Fisheries Service supporting the agreement. Under the Yuba Accord Fisheries Agreement, YCWA would revise the operation of the Yuba Project to provide higher flows in the lower Yuba River to protect and enhance fisheries and to increase downstream water supplies.

- Conjunctive Use Agreements between YCWA and water districts within Yuba County for the implementation of a comprehensive program of conjunctive use of surface water and groundwater supplies and actions to improve water use efficiencies.

- A Water Purchase Agreement among YCWA, the California Department of Water Resources (DWR), and Reclamation. Under this agreement, Reclamation and DWR would purchase water for the CALFED Environmental Water Account and for the CVP and SWP project uses.

All three of these agreements need to be in place for the Yuba Accord to be implemented.

The Draft EIR/EIS analyzes the impacts of implementing the Yuba Accord on surface water hydrology, groundwater hydrology, water supply, hydropower, flood control, water quality, fisheries, wildlife, vegetation, special-status species, recreation, visual, cultural resources, Indian Trust Assets, air quality, land use, socioeconomic, growth inducement, and environmental justice resources and conditions.

Alternatives evaluated in the Draft EIR/EIS include the No Action Alternative, No Project Alternative, Proposed Project/Action Alternative (Yuba

Accord Alternative), and Modified Flow Alternative. In addition, the Draft EIR/EIS addresses other past, present, and reasonably foreseeable actions in conjunction with the implementation of the Yuba Accord, thus analyzing cumulative impacts.

Copies of the Draft EIR/EIS are available for public review at the following locations:

- Bureau of Reclamation, 2800 Cottage Way, Sacramento, CA 95825.
- Yuba County Water Agency, 1220 F Street, Marysville, CA 95901.
- Department of Water Resources, Division of Environmental Services, 1416 Ninth Street, Sacramento, CA 95814.
- Sacramento Public Library, 828 I Street, Sacramento, CA 95814.
- Yuba County Library, 303 2nd Street, Marysville, CA 95901.

If special assistance is required at the public hearings, please contact Dianne Simodynes (e-mail:

Dianne.Simodynes@hdrinc.com). Please notify Ms. Simodynes as far in advance of the hearings as possible to enable Reclamation to secure the needed services. If a request cannot be honored, the requestor will be notified.

Before including your name, address, phone number, e-mail address, or other personal identifying information in your comment, you should be aware that your entire comment—including your personal identifying information—may be made publicly available at any time. While you can ask us in your comment to withhold your personal identifying information from public review, we cannot guarantee that we will be able to do so.

Dated: June 18, 2007.

John F. Davis,

Deputy Regional Director, Mid-Pacific Region.
[FR Doc. E7-12728 Filed 6-29-07; 8:45 am]

BILLING CODE 4310-MN-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-744 (Second Review)]

Brake Rotors From China

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on brake rotors from China.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the

antidumping duty order on brake rotors from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is August 21, 2007.

Comments on the adequacy of responses may be filed with the Commission by September 14, 2007. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* July 2, 2007.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On April 17, 1997, the Department of Commerce issued an antidumping duty order on imports of brake rotors from China (62 FR 18740). Following five-year reviews by Commerce and the Commission, effective August 14, 2002, Commerce issued a continuation of the antidumping duty order on imports of brake rotors from China (67 FR 52933). The Commission is now conducting a second review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 07-5-172, expiration date June 30, 2008. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to this review:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The Subject Country in this review is China.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination and its expedited five-year review determination, the Commission defined the Domestic Like Product as all aftermarket brake rotors, coextensive with Commerce's scope.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination and its expedited five-year review determination, the Commission defined the Domestic Industry as all producers of aftermarket brake rotors. In its original determination, the Commission also determined that appropriate circumstances existed to exclude AlliedSignal from the domestic aftermarket rotor industry as a related party; however, in its expedited five-year review determination, the Commission did not find that appropriate circumstances existed to exclude any producer from the domestic industry.

(5) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the review and public service list.—Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in

the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs

and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is August 21, 2007. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is September 14, 2007. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

Information To Be Provided in Response to This Notice of Institution: As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name,

telephone number, fax number, and e-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries after 2001.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2006 (report quantity data in units and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) Capacity (quantity) of your firm to produce the Domestic Like Product;

(c) The quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

(d) the quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2006 (report quantity data in units and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s') operations on that product during calendar year 2006 (report quantity data in units and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm's(s') production;

(b) Capacity (quantity) of your firm to produce the Subject Merchandise in the Subject Country; and

(c) the quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the

market for the Subject Merchandise in the Subject Country after 2001, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: June 25, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-12668 Filed 6-29-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-581]

In the Matter of Certain Inkjet Ink Supplies and Components Thereof: Notice of a Commission Determination Not To Review an Initial Determination Granting the Joint Motion of Complainant Hewlett-Packard Company and Respondent All Media Outlet Corporation To Terminate the Investigation With Respect to That Respondent; Termination of the Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law

judge's ("ALJ") initial determination ("ID") (Order No. 9) granting the joint motion of complainant Hewlett-Packard Company ("H-P") and respondent All Media Outlet Corporation d/b/a Inkandbeyond.com ("All Media") to terminate the investigation with respect to All Media, and terminating the investigation in its entirety.

FOR FURTHER INFORMATION CONTACT: Michelle Walters, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 708-5468. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on September 6, 2006, based on a complaint filed by H-P of California, subsequently amended, alleging violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain inkjet ink supplies and components thereof by reason of infringement of one or more of claims 1-4, 7-9, 22, 24, and 25 of U.S. Patent No. 5,825,387; claims 1-9 and 12 of U.S. Patent No. 6,793,329; claims 8-10, 14, and 15 of U.S. Patent No. 6,074,042; claims 1-6 and 19-29 of U.S. Patent No. 6,588,880; claims 1-7 and 11-18 of U.S. Patent No. 6,364,472; claims 6, 7, 9, and 10 of U.S. Patent No. 6,089,687; and claims 1-3 and 5 of U.S. Patent No. 6,264,301. The complaint named six respondents: Ninestar Technology Co. Ltd. of China, Ninestar Technology Co. Ltd. of California, Aurora Eshop, Inc. d/b/a butterflyinkjet.com of California, Iowaink, LLC d/b/a iowaink.com of Iowa, L2 Commerce Inc. d/b/a Printmicro.com of California, and All Media Outlet Corp. d/b/a Inkandbeyond.com of California.

On March 19, 2007, H-P and All Media jointly moved to terminate the

investigation with respect to All Media, based on a settlement agreement. The Commission investigative attorney supported the motion.

On June 6, 2007, the ALJ issued an ID (Order No. 9) granting the joint motion to terminate the investigation with regard to All Media. The ALJ found that the joint motion complied with the requirements of Commission Rule 210.21 (19 CFR 210.21). The ALJ also concluded that, pursuant to Commission Rule 210.50(b)(2) (19 CFR 210.50(b)(2)), there is no evidence that termination of this investigation will prejudice the public interest. In addition, the ALJ noted that the termination of litigation under these circumstances as an alternative method of dispute resolution is generally in the public interest. Accordingly, the ALJ terminated the investigation as to All Media. In addition, the ALJ terminated the investigation in its entirety. No petitions for review of this ID were filed. The Commission has determined not to review the ID.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in section 210.42 of the Commission's Rules of Practice and Procedure (19 CFR 210.42).

By order of the Commission.

Issued: June 27, 2007.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-12752 Filed 6-29-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[USITC SE-07-012]

Government in the Sunshine Act Meeting Notice

AGENCY HOLDING THE MEETING: United States International Trade Commission.

TIME AND DATE: July 10, 2007 at 11 a.m.

PLACE: Room 101, 500 E Street, SW., Washington, DC 20436, Telephone: (202) 205-2000.

STATUS: Open to the public.

MATTERS TO BE CONSIDERED:

1. Agenda for future meetings: none.
2. Minutes.
3. Ratification List.
4. Inv. Nos. 731-TA-873-875, 877-880, and 882 (Review) (Steel Concrete Reinforcing Bar from Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine)—briefing and vote. (The Commission is currently scheduled to transmit its determination

by means including, but not limited to, firearms, bows, crossbows, airsoft and paintball guns. Any person failing to heed posted notices and found in violation of 43 CFR 8365.1-4(a)(2), will be issued a citation. In addition, those found in violation of other subsections contained within 43 CFR 8365.1-1(a) and (b)(1) through (b)(6) regarding littering and 43 CFR 8365.1-5(a)(1) and (2) regarding resource damage will also be cited. This regulation remains in effect following the temporary closure.

Public lands affected by this temporary closure are described as follows:

T. 7 N., R. 2 E., Sections 4 and 5; T. 8 N., R. 2 E., Sections 20, 21, 28, 29, 32-34 and those portions of Sections 27 and 34 west of Interstate 17. A map of the closure can be viewed at: http://www.blm.gov/az/st/en/fo/hassayampa_field_office.html.

Dated: October 3, 2007.

D. Remington Hawes,

Acting Hassayampa Field Manager.

[FR Doc. E7-20551 Filed 10-17-07; 8:45 am]

BILLING CODE 4310-32-P

DEPARTMENT OF THE INTERIOR

National Park Service

Record of Decision on the Final Environmental Impact Statement for the General Management Plan, Rock Creek Park and the Rock Creek and Potomac Parkway, Washington, DC

AGENCY: Department of the Interior, National Park Service.

ACTION: Notice of availability of a Record of Decision on the Final Environmental Impact Statement for the General Management Plan, Rock Creek Park and the Rock Creek and Potomac Parkway, Washington, DC.

SUMMARY: Pursuant to the National Environmental Policy Act of 1969, 42 U.S.C. 4332(2)(C), the National Park Service (NPS) announces the availability of the Record of Decision for the Final Environmental Impact Statement for the General Management Plan, Rock Creek Park and the Rock Creek and Potomac Parkway, Washington, DC. On June 6, 2007 the National Capital Regional Director approved the Record of Decision for the General Management Plan for the Final Environmental Impact Statement. Specifically, the NPS has selected the preferred alternative (Alternative A) as described in the Final General Management Plan for the Environmental Impact Statement based on consideration of economic,

environmental, technical, and other factors.

The selected alternative and three other alternatives, including a no-action alternative, were analyzed in the Draft and Final Environmental Impact Statements. Each alternative considered (a) how traffic should be managed in the park and on the parkway; (b) the most appropriate levels of service and locations for visitor interpretation and education in the park; (c) the appropriate balance between rehabilitation of historic structures and cultural landscapes and preservation of natural resources; and (d) the most appropriate locations to support park administration and operations functions to minimize resource disturbance. The full range of foreseeable environmental consequences was assessed. The NPS believes Alternative A would best accomplish its goals for managing Rock Creek Park and the Rock Creek and Potomac Parkway. Alternative A was selected by the NPS based on its ability to maintain traditional visitor experiences and activities, enhance resources protection, improve control over non-recreational use of park roads to heighten safety and the quality of the visitor experience, and optimize the use of structures for park purposes. The selected alternative will not result in the impairment of resources and values.

The most difficult decision to be made in this general management planning process was the management of traffic on the park road system because these park roads are recognized historic resources and are also the primary means for most visitors to experience the park. They are also heavily used as commuter routes. Under the selected alternative, the existing park roadway system will be retained and non-recreational through-traffic will be accommodated. It continues weekday auto travel throughout the park, but will use traffic-calming and speed enforcement measures to reduce traffic speeds and volumes to improve visitor safety and better control traffic volumes and speeds through the park. Speed tables and additional traffic signs will be installed on Beach Drive in the gorge area.

The selected alternative will also enhance interpretation and education opportunities and improve the use of park resources, especially cultural resources. It generally retains the current scope of visitor uses. Additional aspects of this alternative include trail improvement; rehabilitation of the Peirce Mill complex to better focus on history; the moving of park administrative offices from the Peirce-Klinge Mansion at Linnean Hill which

will be rehabilitated for adaptive use compatible with park values; the relocation of the U.S. Park Police substation from the Lodge House on Beach Drive with the Lodge House converted to a visitor contact station; and that the nature center will be rehabilitated and expanded, and the planetarium upgraded.

The Record of Decision includes a statement of the decision made, synopses of other alternatives considered, the basis for the decision, a finding of no impairment of park resources and values and an overview of public involvement in the decision-making process. This decision is the result of a public planning process that began in 1996. The official responsible for this decision is the NPS Regional Director, National Capital Region.

ADDRESSES: The Record of Decision, Plan and other information are available for public review in the Office of the Superintendent, Rock Creek Park at 3545 Williamsburg Lane, NW., Washington, DC 20008-1207 and at the following locations: Chief of Planning, National Capital Region, National Park Service, 1100 Ohio Drive, SW., Washington, DC 20242, (202) 619-7000 and the Office of Public Affairs, National Park Service, Department of the Interior, 18th and C Streets, NW., Washington, DC 20240, (202) 208-6843. Copies of the Record of Decision may also be obtained from the contacts listed above or may be viewed online at: <http://www.nps.gov/rocr/parkmgmt/>. **FOR FURTHER INFORMATION CONTACT:** Superintendent, Rock Creek Park, at 3545 Williamsburg Lane, NW., Washington, DC 20008-1207 or by telephone at (202) 895-6004.

Dated: August 24, 2007.

Joseph M. Lawler,

Regional Director, National Capital Region.

[FR Doc. E7-20544 Filed 10-17-07; 8:45 am]

BILLING CODE 4312-52-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-744 (Second Review)]

Brake Rotors From China

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on brake rotors from China.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of

the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty order on brake rotors from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* October 5, 2007.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: On October 5, 2007, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that both the domestic and respondent interested party group responses to its notice of institution (72 FR 36037, July 2, 2007) were adequate. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: October 11, 2007.

William R. Bishop,

Acting Secretary to the Commission.

[FR Doc. E7-20528 Filed 10-17-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1123 (Preliminary)]

Steel Wire Garment Hangers From China

Determination

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China of steel wire garment hangers, provided for in statistical reporting number 7326.20.0020 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value.

Commencement of Final Phase Investigation

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. 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 Department of Commerce (Commerce) of an affirmative preliminary determination in this investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in the investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. 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 investigation.

Background

On July 31, 2007, a petition was filed with the Commission and Commerce by M&B Metal Products Company, Inc. on

behalf of the domestic industry that produces steel wire garment hangers, alleging that an industry in the United States is materially injured or threatened with material injury by reason of less-than-fair-value imports of steel wire garment hangers from China. Accordingly, effective July 31, 2007, the Commission instituted antidumping duty investigation No. 731-TA-1123 (Preliminary).

Notice of the institution of the Commission's investigation 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 August 10, 2007 (72 FR 45069). The conference was held in Washington, DC, on August 21, 2007, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determination in the investigation to the Secretary of Commerce on October 10, 2007. The views of the Commission are contained in USITC Publication 3951 (October 2007), entitled *Steel Wire Garment Hangers from China: Investigation No. 731-TA-1123 (Preliminary)*.

By order of the Commission.

Issued: October 11, 2007.

William R. Bishop,

Acting Secretary to the Commission.

[FR Doc. E7-20529 Filed 10-17-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-1123 (Preliminary)]

Steel Wire Garment Hangers From China

Determination

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China of steel wire garment hangers, provided for in statistical reporting number 7326.20.0020 of the Harmonized Tariff Schedule of the

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

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

Rhode Island*Washington County*

Westerly Downtown Historic District
(Boundary Increase), 12 Canal St.,
Westerly, 07001297

Vermont*Franklin County*

Bridge 12, (Metal Truss, Masonry, and
Concrete Bridges in Vermont MPS) Boston
Post Rd., Enosburg, 07001299

Bridge 9,

(Metal Truss, Masonry, and Concrete Bridges
in Vermont MPS) Shawville Rd., Sheldon,
07001298

Lamoille County

Bridge 6, (Metal Truss, Masonry, and
Concrete Bridges in Vermont MPS)
Railroad St., Johnson, 07001300

A request for REMOVAL has been made for
the following resource:

Tennessee*Shelby County*

Douglass High School, 3200 Mount Olive
Rd., Memphis, 98000241

[FR Doc. E7-22989 Filed 11-26-07; 8:45 am]

BILLING CODE 4312-51-P

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-744 (Second
Review)]

Brake Rotors From China

AGENCY: United States International
Trade Commission.

ACTION: Scheduling of a full five-year
review concerning the antidumping
duty order on brake rotors from China.

SUMMARY: The Commission hereby gives
notice of the scheduling of a full review
pursuant to section 751(c)(5) of the
Tariff Act of 1930 (19 U.S.C. 1675(c)(5))
(the Act) to determine whether
revocation of the antidumping duty
order on brake rotors from China would
be likely to lead to continuation or
recurrence of material injury within a
reasonably foreseeable time. For further
information concerning the conduct of
this review and rules of general
application, consult the Commission's
Rules of Practice and Procedure, part
201, subparts A through E (19 CFR part
201), and part 207, subparts A, D, E, and
F (19 CFR part 207).

EFFECTIVE DATE: November 19, 2007.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of
Investigations, U.S. International Trade
Commission, 500 E Street, SW.,
Washington, DC 20436. Hearing-impaired
persons can obtain

information on this matter by contacting
the Commission's TDD terminal on 202-
205-1810. Persons with mobility
impairments who will need special
assistance in gaining access to the
Commission should contact the Office
of the Secretary at 202-205-2000.
General information concerning the
Commission may also be obtained by
accessing its internet server (<http://www.usitc.gov>). The public record for
this review may be viewed on the
Commission's electronic docket (EDIS)
at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. On October 5, 2007, the
Commission determined that responses
to its notice of institution of the subject
five-year review were such that a full
review pursuant to section 751(c)(5) of
the Act should proceed (72 F.R. 59111,
October 18, 2007). A record of the
Commissioners' votes, the
Commission's statement on adequacy,
and any individual Commissioner's
statements are available from the Office
of the Secretary and at the
Commission's Web site.

**Participation in the review and public
service list.** Persons, including
industrial users of the subject
merchandise and, if the merchandise is
sold at the retail level, representative
consumer organizations, wishing to
participate in this review as parties
must file an entry of appearance with
the Secretary to the Commission, as
provided in section 201.11 of the
Commission's rules, by 45 days after
publication of this notice. A party that
filed a notice of appearance following
publication of the Commission's notice
of institution of the review need not file
an additional notice of appearance. The
Secretary will maintain a public service
list containing the names and addresses
of all persons, or their representatives,
who are parties to the review.

**Limited disclosure of business
proprietary information (BPI) under an
administrative protective order (APO)
and BPI service list.** Pursuant to section
207.7(a) of the Commission's rules, the
Secretary will make BPI gathered in this
review available to authorized
applicants under the APO issued in the
review, provided that the application is
made by 45 days after publication of
this notice. Authorized applicants must
represent interested parties, as defined
by 19 U.S.C. 1677(9), who are parties to
the review. A party granted access to
BPI following publication of the
Commission's notice of institution of
the review need not reapply for such
access. A separate service list will be
maintained by the Secretary for those

parties authorized to receive BPI under
the APO.

Staff report. The prehearing staff
report in the review will be placed in
the nonpublic record on March 25,
2008, and a public version will be
issued thereafter, pursuant to section
207.64 of the Commission's rules.

Hearing. The Commission will hold a
hearing in connection with the review
beginning at 9:30 a.m. on April 15,
2008, at the U.S. International Trade
Commission Building. Requests to
appear at the hearing should be filed in
writing with the Secretary to the
Commission on or before April 8, 2008.
A nonparty who has testimony that may
aid the Commission's deliberations may
request permission to present a short
statement at the hearing. All parties and
nonparties desiring to appear at the
hearing and make oral presentations
should attend a prehearing conference
to be held at 9:30 a.m. on April 10,
2008, at the U.S. International Trade
Commission Building. Oral testimony
and written materials to be submitted at
the public hearing are governed by
sections 201.6(b)(2), 201.13(f), 207.24,
and 207.66 of the Commission's rules.
Parties must submit any request to
present a portion of their hearing
testimony *in camera* no later than 7
business days prior to the date of the
hearing.

Written submissions. Each party to the
review may submit a prehearing brief to
the Commission. Prehearing briefs must
conform with the provisions of section
207.65 of the Commission's rules; the
deadline for filing is April 3, 2008.
Parties may also file written testimony
in connection with their presentation at
the hearing, as provided in section
207.24 of the Commission's rules, and
posthearing briefs, which must conform
with the provisions of section 207.67 of
the Commission's rules. The deadline
for filing posthearing briefs is April 24,
2008; witness testimony must be filed
no later than three days before the
hearing. In addition, any person who
has not entered an appearance as a party
to the review may submit a written
statement of information pertinent to
the subject of the review on or before
April 24, 2008. On May 19, 2008, the
Commission will make available to
parties all information on which they
have not had an opportunity to
comment. Parties may submit final
comments on this information on or
before May 21, 2008, but such final
comments must not contain new factual
information and must otherwise comply
with section 207.68 of the Commission's
rules. All written submissions must
conform with the provisions of section
201.8 of the Commission's rules; any

submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: November 20, 2007.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E7-22975 Filed 11-26-07; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[USITC SE-07-026]

Government in the Sunshine Act Meeting Notice

Agency Holding the Meeting: United States International Trade Commission.

Time and Date: November 29, 2007 at 11 a.m.

Place: Room 101, 500 E Street SW., Washington, DC 20436, Telephone: (202) 205-2000.

Status: Open to the public.

Matters To Be Considered

1. *Agenda for future meetings:* None.
2. Minutes.
3. Ratification List.
4. *Inv. No. 731-TA-909 (Review)(Low Enriched Uranium from France)*—

briefing and vote. (The Commission is currently scheduled to transmit its determination and Commissioners' opinions to the Secretary of Commerce on or before December 13, 2007.)

5. *Outstanding action jackets:* None.

In accordance with Commission policy, subject matter listed above, not disposed of at the scheduled meeting, may be carried over to the agenda of the following meeting.

By order of the Commission.

Issued: November 21, 2007.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. E7-23008 Filed 11-26-07; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

Antitrust Division

United States v. Multiple Listing Service Of Hilton Head Island, Inc.; Proposed Final Judgment and Competitive Impact Statement

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)-(h), that a proposed Final Judgment, Stipulation and Competitive Impact Statement have been filed with the United States District Court for the District of South Carolina in *United States of America v. Multiple Listing Service of Hilton Head Island, Inc.*, Civil Action No. 07-3435. On October 17, 2007, the United States filed a Complaint alleging that the Multiple Listing Service of Hilton Head Island, Inc. violated section 1 of the Sherman Act, 15 U.S.C. 1, by adopting and enforcing rules that restrict access to the Multiple Listing Service database and limit members' business behavior. The proposed Final Judgment, filed at the same time as the Complaint, requires the group to change its membership rules so that low-priced and innovative real estate brokers can compete in the Hilton Head area.

Copies of the Complaint, proposed Final Judgment and Competitive Impact Statement are available for inspection at the Department of Justice, Antitrust Division, Antitrust Documents Group, 325 7th Street, NW., Room 215, Washington, DC 20530 (telephone: 202-514-2481), on the Department of Justice's Web site at <http://www.usdoj.gov/atr>. and at the Office of the Clerk of the United States District Court for the District of South Carolina. Copies of these materials may be obtained from the Antitrust Division upon request and payment of the copying fee set by Department of Justice regulations.

Public comment is invited within 60 days of the date of this notice. Such comments, and responses thereto, will be published in the **Federal Register** and filed with the Court. Comments should be addressed to John R. Read, Chief, Litigation III Section, Antitrust Division, U.S. Department of Justice, 325 7th Street, NW., Suite 300, Washington, DC 20530, (202) 307-0468.

J. Robert Kramer II,

Director of Operations Antitrust Division.

United States District Court for the District of South Carolina Beaufort Division

United States of America, Department of Justice, Antitrust Division, 325 7th Street, NW., Suite 300, Washington, DC 20530, Plaintiff, v. Multiple Listing Service of Hilton Head Island, Inc., 18 Bow Circle, Hilton Head Island, SC 29928, Defendant

Civil Action No.9 :07-CV-3435-SB

Filed: 10/16/07

Complaint for Equitable Relief for Violation of 15 U.S.C. 1 Sherman Antitrust Act

Complaint

The United States of America, by its attorneys acting under the direction of the acting Attorney General, brings this civil antitrust action against Defendant Multiple Listing Service of Hilton Head Island, Inc. ("Hilton Head MLS") to obtain equitable and other relief for violation of Section 1 of the Sherman Act, 15 U.S.C. 1, as amended.

Introduction

1. The United States brings this action to enjoin the Defendant from enforcing certain of its rules that unreasonably restrain competition among real estate brokers in the Hilton Head, South Carolina area Defendant is a multiple listing service, which is controlled by its members who are real estate brokers competing to sell brokerage services to consumers in the Hilton Head area.

2. Defendant provides a variety of services to its members, including the maintenance of a database of past and current listings of properties for sale in the Hilton Head area. Access to the database is critical to being a successful broker. Therefore, brokers seeking to provide brokerage services in the Hilton Head area need to be members of the Hilton Head MLS.

3. By its rules, Defendant denies membership to brokers who would likely compete aggressively on price or would introduce Internet-based brokerage into the market, and imposes unreasonable membership costs on publicly-owned brokerage companies.

6711 Bickmore Avenue in Chino (new site total—83.16 acres); and,

Site 20 (Park Mira Loma West)—Remove 340.73 acres (11 parcels) within the site due to changed circumstances (new site total—284.15 acres).

In accordance with the Board's regulations, a member of the FTZ Staff has been designated examiner to investigate the application and report to the Board.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the address below. The closing period for their receipt is March 10, 2008. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to March 24, 2008.

A copy of the application and accompanying exhibits will be available for public inspection at each of the following locations: U.S. Department of Commerce, Export Assistance Center, 11150 West Olympic Boulevard, Suite 975, Los Angeles, CA 90064; and, Office of the Executive Secretary, Foreign-Trade Zones Board, Room 2111, U.S. Department of Commerce, 1401 Constitution Avenue, NW., Washington, DC 20230.

For further information, contact Camille Evans at Camille_Evans@ita.doc.gov or (202) 482-2350.

Dated: December 20, 2007.

Andrew McGilvray,
Executive Secretary.

[FR Doc. E8-113 Filed 1-7-08; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[Docket 53-2007]

Foreign-Trade Zone 38—Spartanburg County, SC; Application for Expansion

An application has been submitted to the Foreign-Trade Zones (FTZ) Board (the Board) by the South Carolina State Ports Authority, grantee of FTZ 38, requesting authority to expand its existing zone to include additional sites in the Greenville-Spartanburg, South Carolina Customs and Border Protection port of entry. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the regulations of the Board (15 CFR Part 400). It was formally filed on December 20, 2007.

FTZ 38 was approved by the Board on May 4, 1978 (Board Order 131, 43 FR

20526, 5/12/78) and expanded as follows: on November 9, 1994 (Board Order 715, 59 FR 59992, 11/21/94); on July 23, 1997 (Board Order 910, 62 FR 40797, 7/30/97); on January 8, 1999 (Board Order 1015, 64 FR 3064, 1/8/99); and, on July 21, 2005 (Board Order 1404, 70 FR 44559).

The general-purpose zone project currently consists of seven sites (1,546 acres) in Spartanburg County/Laurens Counties: *Site 1* (20 acres)—within the 74-acre Global Trade Center located at 200 Forest Way, Greenville; *Site 2* (799 acres)—International Transport Center (111 acres) and Gateway International Business Center (688 acres), Greer; *Site 3* (97 acres)—Highway 290 Commerce Park (111 acres) and a warehouse facility (5 acres) located at 150 Parkway West, Duncan; *Site 4* (473 acres)—Wingo Corporate Park, Spartanburg; *Site 5* (118 acres)—TNT Logistics/Michelin North America, Inc., facility located at 101 Michelin Drive, Laurens; *Site 6* (20 acres)—Lakeside Business Center located at 961 Berry Shoals Road in Greer; and, *Temporary Site T-1* (19 acres)—ZF Lemforder Corporation, 240 Parkway East, in Duncan.

The applicant is now requesting authority to expand the general-purpose zone to include five additional sites in the area: *Proposed Site 8* (88 acres)—Riverbend Business Center, located at Cedar Crest Road and Compton Road, Spartanburg; *Proposed Site 9* (207 acres)—Corporate Center I-85 (193 acres, 2 parcels), located at 100 Corporate Center Drive, Spartanburg; and the Bryant Business Center (14 acres, 1 parcel), located at 140 Landers Drive, Spartanburg; *Proposed Site 10* (334 acres, 2 parcels)—Interchange Commerce Center, located at John Dodd Road and Interstate 26, Spartanburg; *Proposed Site 11* (51 acres)—Caliber Ridge Industrial Park, 1501 Highway 101 in Greer; and, *Proposed Site 12* (4 acres)—Industrial Warehousing, 100 Fortis Drive, Duncan. The proposed sites are owned by Fairforest Venture Partners (Site 8), Peter E. Weisman/Kinney Hill Associates, LP (Site 9), High Site and John Dodds Road Properties, LLC dba Johnson Development Associates, Inc. (Site 10), JLN Investors, Inc. (Site 11), and, Betula, LLC (Site 12). The sites will be used primarily for warehousing and distribution activities. No specific manufacturing authority is being requested at this time. Such requests would be made to the Board on a case-by-case basis.

The applicant is also requesting that 19 acres at *Site 3* (Highway 290 Commerce Park) be restored to zone status and that *Temporary Site T-1* (19 acres) located at 240 Parkway East in

Duncan, be granted zone status on a permanent basis as *Site 7*. Additionally, the applicant is requesting that the Board make *Site 1* permanent at the Global Trade Center in Greenville (Site 1 was previously at the Highway 29 Industrial Park in Wellford).

In accordance with the Board's regulations, a member of the FTZ staff has been designated examiner to investigate the application and report to the Board.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the address listed below. The closing period for their receipt is March 10, 2008. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to March 24, 2008.

A copy of the application and accompanying exhibits will be available for public inspection at each of the following locations: U.S. Department of Commerce Export Assistance Center, 216 S. Pleasantburg Drive, Suite 243, Buck Mickel Center, Greenville, S.C. 29607; and, Office of the Executive Secretary, Foreign-Trade Zones Board, Room 2111, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230.

For further information, contact Christopher Kemp at christopher_kemp@ita.doc.gov or (202) 482-0862.

Dated: December 20, 2007.

Andrew McGilvray,
Executive Secretary.

[FR Doc. E8-112 Filed 1-7-08; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-846]

Brake Rotors from the People's Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On July 2, 2007, the Department of Commerce ("the Department") published a notice of initiation of a sunset review of the antidumping duty order on brake rotors from the People's Republic of China ("PRC") pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). See *Initiation of Five-Year*

(“Sunset”) Reviews, 72 FR 35968 (July 2, 2007) (“Initiation Notice”). On the basis of the notices of intent to participate, an adequate substantive response filed on behalf of a domestic interested party and an inadequate substantive response filed on behalf of a respondent interested party (*i.e.*, a U.S. importer), the Department conducted an expedited (120-day) sunset review of the antidumping duty order pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department’s regulations. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the levels indicated in the “Final Results of Review” section of this notice.

EFFECTIVE DATE: January 8, 2008.

FOR FURTHER INFORMATION CONTACT: Frances Veith, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4295.

SUPPLEMENTARY INFORMATION:

Background

On July 2, 2007, the Department published the notice of initiation of the second sunset review of the antidumping duty order on brake rotors from the PRC pursuant to section 751(c) of the Act. *See Initiation Notice*. On July 17, 2007, the Department received a notice of intent to participate from a domestic interested party, the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers (“petitioner”), within the deadline specified in section 351.218(d)(1)(i) of the Department’s regulations, and from a respondent interested party, CWD, LLC (also known as Centric Parts) (“CWD”). Petitioner claimed interested party status under section 771(9)(C) of the Act as a domestic producer of brake rotors in the United States, and CWD claimed interested party status under section 771(9)(A) of the Act as a U.S. importer of brake rotors into the United States. The Department received substantive responses from petitioner and CWD within the deadline specified in section 351.218(d)(3)(i) of the Department’s regulations and rebuttal submissions to those responses from petitioner and CWD on August 1 and August 6, 2007, respectively. On August 21, 2007, petitioner submitted to the Department a correction to its August 6, 2007, rebuttal response. On August 21, 2007,

the Department notified the International Trade Commission (“ITC”) that respondent interested parties did not provide an adequate substantive response in this sunset review pursuant to section 751(c)(3)(B) of the Act. Therefore, because we did not receive an adequate substantive response from the respondent interested party, we determined to conduct an expedited review of the order pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department’s regulations.¹ On November 5, 2007, the Department published a notice extending the time limit for the completion of the final results of this review until November 29, 2007. *See Brake Rotors from the People’s Republic of China: Extension of Final Results of Expedited Sunset Review of Antidumping Duty Order*, 72 FR 62430 (November 5, 2007). On December 5, 2007, the Department published a notice extending the time limit for the completion of the final results of this review until December 31, 2007. *See Brake Rotors from the People’s Republic of China: Extension of Time Limit for Final Results of Expedited Sunset Review of Antidumping Duty Order*, 72 FR 68562 (December 5, 2007).

Scope of the Order

The products covered by this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, ranging in diameter from 8 to 16 inches (20.32 to 40.64 centimeters) and in weight from 8 to 45 pounds (3.63 to 20.41 kilograms). The size parameters (weight and dimension) of the brake rotors limit their use to the following types of motor vehicles: automobiles, all-terrain vehicles, vans and recreational vehicles under “one ton and a half,” and light trucks designated as “one ton and a half.”

Finished brake rotors are those that are ready for sale and installation without any further operations. Semi-finished rotors are those on which the surface is not entirely smooth, and have undergone some drilling. Unfinished rotors are those which have undergone some grinding or turning.

These brake rotors are for motor vehicles, and do not contain in the casting a logo of an original equipment manufacturer (“OEM”) which produces vehicles sold in the United States. (*e.g.*, General Motors, Ford, Chrysler, Honda, Toyota, Volvo). Brake rotors covered in this order are not certified by OEM

¹ See the Department’s August 21, 2007, letter to the ITC, regarding “Expedited Sunset Review of the AD/CVD Order Initiated in July 2007.”

producers of vehicles sold in the United States. The scope also includes composite brake rotors that are made of gray cast iron, which contain a steel plate, but otherwise meet the above criteria. Excluded from the scope of this order are brake rotors made of gray cast iron, whether finished, semifinished, or unfinished, with a diameter less than 8 inches or greater than 16 inches (less than 20.32 centimeters or greater than 40.64 centimeters) and a weight less than 8 pounds or greater than 45 pounds (less than 3.63 kilograms or greater than 20.41 kilograms).²

Brake rotors are currently classifiable under subheadings 8708.39.5010, 8708.39.5030, and 8708.30.5030 of the *Harmonized Tariff Schedule of the United States* (“HTSUS”).³ Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the “Issues and Decision Memorandum” (“*Decision Memorandum*”) from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated concurrently with this notice, which is hereby adopted by this notice. The issues discussed in the *Decision Memorandum* include consideration of substantive responses, the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit in room B-099 of the main Commerce building.

In addition, a complete version of the *Decision Memorandum* can be accessed directly on the web at <<http://ia.ita.doc.gov/frn>>. The paper copy and electronic version of the *Decision Memorandum* are identical in content.

² In a 2007 scope ruling, the Department determined that brake rotors produced by Federal-Mogul and certified by Ford Motor Company are excluded from the scope of the order. *See* the January 17, 2007, Department memorandum entitled “Scope Ruling of the Antidumping Duty Order on Brake Rotors from the People’s Republic of China: Federal-Mogul Corporation.”

³ As of January 1, 2005, the HTSUS classification for brake rotors (discs) changed from 8708.39.5010 to 8708.39.5030. As of January 1, 2007, the HTSUS classification for brake rotors (discs) changed from 8708.39.5030 to 8708.30.5030. *See Harmonized Tariff Schedule of the United States (2007) (Rev. 2)*, available at <www.usitc.gov>

Final Results of Review

Pursuant to section 752(c)(3) of the Act, we determine that revocation of the

antidumping duty order on brake rotors from the PRC would likely lead to continuation or recurrence of dumping

at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margin (percent)
Hebei Metals and Minerals Import/export Corp.	8.51
Shandong Jiuyang Enterprise Corporation	8.51
Longjing Walking Tractor Works Foreign Trade I/E	8.51
Jilin Provincial Machinery & Equipment I/E Corp	8.51
Qingdao Metals, Minerals and Machinery Import & Export Corporation	8.51
Shanxi Machinery and Equipment Import & Export Corporation	8.51
Southwest Technical Import and Export Corporation	16.07
Xianghe Zichen Casting Corporation	8.51
Yantai Import and Export Corporation	3.56
Yenhere Corporation	8.51
PRC-Wide Entity	43.32

Excluded from the antidumping duty order are the following exporters and producer combinations:⁶

Exporter: China National Automotive Industry Import & Export Corporation

Producer: Shandong Laizhou CAPCO Industry;
Exporter: Shandong Laizhou CAPCO Industry

Producer: Shandong Laizhou CAPCO Industry;
Exporter: Shenyang Honbase Machinery Co., Ltd.

Producer: Shenyang Honbase Machinery Co., Ltd.;

Exporter: Shenyang Honbase Machinery Co., Ltd.

Producer: Lai Zhou Luyan Automobile Fittings Co., Ltd.;

Exporter: Lai Zhou Luyuan Automobile Fittings Co., Ltd.

Producer: Lai Zhou Luyuan Automobile Fittings Co., Ltd.;

Exporter: Lai Zhou Luyan Automobile Fittings Co., Ltd.

Producer: Shenyang Honbase or Laizhou Luyuan; and

Exporter: China National Machinery and Equipment I&E (Xinjiang) Corporation, Ltd.

Producer: Zibo Botai Manufacturing Co., Ltd.

In a five-year sunset review, it is the Department's policy to include companies that did not begin exporting until after the order was issued as part of the PRC-wide entity from the investigation.⁷ For those companies that shipped after the order was issued, we determine that revocation of the

antidumping duty order on brake rotors from the PRC would be likely to lead to continuation or recurrence of dumping at the PRC-wide percentage margin.

Notification Regarding Administrative Protective Order:

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with section 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing these results and this notice in accordance with sections 751(c), 752(c) and 777(i)(1) of the Act.

Dated: December 31, 2007.

Susan H. Kuhbach,

Acting Assistant Secretary for Import Administration.

[FR Doc. E8-116 Filed 1-7-08; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE**International Trade Administration**

A-351-832, A-122-840, A-560-815, A-201-830, A-841-805, A-274-804, A-823-812

Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On September 4, 2007, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on carbon and certain alloy steel wire rod ("wire rod") from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). The Department has conducted expedited (120-day) sunset reviews for these orders pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2). As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping.

EFFECTIVE DATE: January 8, 2008.

FOR FURTHER INFORMATION CONTACT:

Devta Ohri or Brandon Farlander, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3853, or (202) 482-0182, respectively.

SUPPLEMENTARY INFORMATION:**Background**

On September 4, 2007, the Department published the notice of initiation of the sunset reviews of the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, pursuant to Section 751(c) of the Act. *See Initiation of Five-Year ("Sunset") Reviews*, 72 FR 50659 (September 4, 2007) ("*Notice of Initiation*").

The Department received a notice of intent to participate from the following domestic parties: Gerdau Ameristeel U.S. Inc.; ISG Georgetown, Inc.; Keystone Consolidated Industries, Inc.; and Rocky Mountain Steel Mills within the deadline specified in 19 CFR 351.218(d)(1)(i). The companies claimed

⁶ See *Notice of Antidumping Duty Order: Brake Rotors from the People's Republic of China*, 62 FR 18740 (April 17, 1997).

⁷ See *Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin*, 63 FR 18871, 18873 (April 16, 1998).

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Brake Rotors from China Inv. No. 731-TA-744 (Second Review)

On October 5, 2007, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5)).

The Commission unanimously determined that the domestic interested party group response to the notice of institution was adequate. The Commission received an adequate response from the Coalition for the Preservation of American Brake Drum and Rotor Aftermarket Manufacturers, an unincorporated association of two domestic producers of brake rotors, Federal-Mogul, Inc. and Affinia Group, Inc., which included individually adequate responses for the two producers. Because the Commission received an adequate response from producers accounting for the vast majority of U.S. production of brake rotors, the Commission determined that the domestic interested party group response was adequate.

The Commission unanimously determined that the respondent interested party group response was adequate. The Commission received adequate responses from Chinese producers and exporters Qingdao Meita Automotive Industry Co., Ltd.; Longkou Jinzheng Machinery Co., Ltd.; Longkou Haimeng Machinery Co., Ltd.; Longkou TLC Machinery Co., Ltd.; Laizhou Hongda Auto Replacement Parts Co., Ltd.; World Known Precision Industry (Fuzhou) Co., Ltd.; Shandong Huanri Group Co., Ltd.; Shanxi Zhongding Auto Parts Co., Ltd.; Laizhou Wally Automobile Co., Ltd.; Laizhou City Luqi Machinery Co., Ltd.; Yantai Winhere Auto-Part Manufacturing Co., Ltd.; Qingdao Gren (Group) Co., and from U.S. importers CWD, LLC dba Centric Parts; Gren Automotive, Inc.; and Ziway, Inc.¹ Because the Commission received an adequate response from producers and exporters accounting for the majority of the total volume of exports of subject merchandise to the United States in 2006, as well as from importers accounting for some volume of U.S. imports of subject merchandise, the Commission determined that the Chinese respondent interested party group response was adequate. Accordingly, the Commission determined to proceed to a full review.

A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site, <http://www.usitc.gov>.

¹The Commission also received responses from Best Brakes, IAP West Inc., and Qualis Automotive LLC, which are purchasers and/or consignees of subject merchandise imported by others and, therefore, are not "interested parties" as defined by 19 U.S.C. § 1677(9).

APPENDIX B
CALENDAR OF THE PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

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

Subject: Brake Rotors from China
Inv. No.: 731-TA-744 (Second Review)
Date and Time: April 15, 2008 - 9:30 a.m.

Sessions were held in connection with this review in the Main Hearing Room, 500 E Street, SW, Washington, DC.

OPENING REMARKS:

In Support of Revocation of the Antidumping Duty Order (**Lyle B. Vander Schaaf**, Bryan Cave LLP)

In Support of the Revocation of the Antidumping Duty Order:

Bryan Cave LLP
Washington, DC
on behalf of

Chinese respondents and certain U.S.
importers and purchasers

Steve Hughes, Director, Integrated Supply Chain, CWD
Marvin J. Fudalla, President and CEO, Qualis Automotive LLC
Greg Woo, Vice President, Performance Operations, CWD
Jenny Zhang, Sales Manager, Longkou Haimeng Machinery Co., Ltd.
Felipe Berer, Senior International Trade Advisor, Bryan Cave LLP

Lyle B. Vander Schaaf – OF COUNSEL

Mayer Brown LLP
Washington, DC
on behalf of

Federal-Mogul Corp. (“Federal-Mogul”)

Dennis Wappelhorst, Director, Chassis, Brake, and Fuel Operations, Federal-Mogul

Duane W. Layton)
Sydney H. Mintzer) – OF COUNSEL

CLOSING REMARKS:

In Support of Revocation of the Antidumping Duty Order (**Lyle Vander Schaaf**, Bryan Cave LLP)

APPENDIX C
SUMMARY DATA

Table C-1
Brake rotors: Summary data concerning the U.S. market, 2002-07

(Quantity=1,000 rotors, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per rotor; period changes=percent, except where noted)

Item	Reported data							Period changes					
	2002	2003	2004	2005	2006	2007	2002-07	2002-03	2003-04	2004-05	2005-06	2006-07	
U.S. consumption quantity:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	
Importers' share (1):													
China (subject)	***	***	***	***	***	***	***	***	***	***	***	***	
China (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***	
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. consumption value:													
Amount	***	***	***	***	***	***	***	***	***	***	***	***	
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	
Importers' share (1):													
China (subject)	***	***	***	***	***	***	***	***	***	***	***	***	
China (nonsubject)	***	***	***	***	***	***	***	***	***	***	***	***	
All other sources	***	***	***	***	***	***	***	***	***	***	***	***	
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. imports from:													
China (subject):													
Quantity	7,703	12,882	14,961	17,743	23,796	33,073	329.4	67.2	16.1	18.6	34.1	39.0	
Value	52,315	93,412	117,655	158,994	202,200	283,907	442.7	78.6	26.0	35.1	27.2	40.4	
Unit value	\$6.79	\$7.25	\$7.86	\$8.96	\$8.50	\$8.58	26.4	6.8	8.4	14.0	-5.2	1.0	
Ending inventory quantity	694	1,271	1,447	1,515	4,915	6,582	848.6	83.2	13.9	4.7	224.3	33.9	
China (nonsubject):													
Quantity	5,549	6,951	3,809	4,570	7,738	13,492	143.1	25.3	-45.2	20.0	69.3	74.4	
Value	32,822	44,162	26,952	32,027	51,310	100,468	206.1	34.5	-39.0	18.8	60.2	95.8	
Unit value	\$5.91	\$6.35	\$7.08	\$7.01	\$6.63	\$7.45	25.9	7.4	11.4	-1.0	-5.4	12.3	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	
All other sources:													
Quantity	42,300	38,075	32,259	39,658	41,691	37,170	-12.1	-10.0	-15.3	22.9	5.1	-10.8	
Value	592,580	565,743	523,590	472,382	538,848	507,633	-14.3	-4.5	-7.5	-9.8	14.1	-5.8	
Unit value	\$14.01	\$14.86	\$16.23	\$11.91	\$12.92	\$13.66	-2.5	6.1	9.2	-26.6	8.5	5.7	
Ending inventory quantity	197	283	379	497	517	654	231.6	43.7	33.6	31.3	4.0	26.4	
All sources:													
Quantity	55,551	57,908	51,030	61,971	73,225	83,735	50.7	4.2	-11.9	21.4	18.2	14.4	
Value	677,717	703,317	668,197	663,403	792,358	892,009	31.6	3.8	-5.0	-0.7	19.4	12.6	
Unit value	\$12.20	\$12.15	\$13.09	\$10.71	\$10.82	\$10.65	-12.7	-0.4	7.8	-18.2	1.1	-1.6	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. producers:													
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	
U.S. shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	
Export shipments:													
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	
Value	***	***	***	***	***	***	***	***	***	***	***	***	
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	
Productivity (rotors 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)	***	***	***	***	***	***	***	***	***	***	***	***	
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note:--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Note: China (subject) import quantity is the quantity of exports to the United States reported in foreign producer questionnaires. Value is constructed by multiplying the unit value of U.S. imports of subject product from the importer questionnaires to this quantity.

Note: Data for China (nonsubject) imports consist of official statistics (CNIF) for excluded companies only (Laizhou CAPCO, Shenyang Honbase, and Zibo Botai).

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
Brake rotors: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
Quantity (1,000 rotors)						
China (nonsubject)	5,549	6,951	3,809	4,570	7,738	13,492
China (other, including subject)	22,803	29,523	30,213	28,291	35,324	44,953
Total, China	28,352	36,474	34,022	32,861	43,062	58,445
Other sources ¹	42,299	38,075	32,260	39,657	41,692	37,171
Total	70,651	74,549	66,282	72,518	84,754	95,616
Value (1,000 dollars)²						
China (nonsubject)	32,822	44,162	26,952	32,027	51,310	100,468
China (other, including subject)	146,496	191,344	213,907	210,822	265,086	368,519
Total, China	179,318	235,506	240,859	242,849	316,396	468,987
Other sources ¹	592,580	565,743	523,590	472,382	538,848	507,633
Total	771,898	801,249	764,449	715,231	855,244	976,621
Unit value (per rotor)						
China (nonsubject)	\$5.92	\$6.35	\$7.08	\$7.01	\$6.63	\$7.45
China (other, including subject)	6.42	6.48	7.08	7.45	7.50	8.20
Total, China	6.32	6.46	7.08	7.39	7.35	8.02
Other sources ¹	14.01	14.86	16.23	11.91	12.92	13.66
Total	10.93	10.75	11.53	9.86	10.09	10.21

Table continued on following page.

Table C-2--Continued
Brake rotors: U.S. imports, by sources, 2002-07

Source	Calendar year					
	2002	2003	2004	2005	2006	2007
Share of quantity (percent)						
China (nonsubject)	7.9	9.3	5.7	6.3	9.1	14.1
China (other, including subject)	32.3	39.6	45.6	39.0	41.7	47.0
Total, China	40.1	48.9	51.3	45.3	50.8	61.1
Other sources ¹	59.9	51.1	48.7	54.7	49.2	38.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
China (nonsubject)	4.3	5.5	3.5	4.5	6.0	10.3
China (other, including subject)	19.0	23.9	28.0	29.5	31.0	37.7
Total, China	23.2	29.4	31.5	34.0	37.0	48.0
Other sources ¹	76.8	70.6	68.5	66.0	63.0	52.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of import quantity to U.S. production (percent)						
China (nonsubject)	***	***	***	***	***	***
China (other, including subject)	***	***	***	***	***	***
Total, China	***	***	***	***	***	***
Other sources ¹	***	***	***	***	***	***
Total	***	***	***	***	***	***
<p>¹ The leading nonsubject country suppliers for imports entering the United States under HTS 8708.30.5030 during 2007 (and their shares of the total quantity of U.S. imports of all brake rotors) were as follows: Mexico (19.2 percent); Canada (7.2 percent); Germany (3.8 percent); Brazil and Taiwan (2.0 percent each); and Japan (1.8 percent).</p> <p>² Landed, duty-paid.</p> <p>Note.--Prior to July 2004, aftermarket brake rotors were imported into the United States under HTS statistical reporting number 8708.39.5010, a category that included not only the subject merchandise, but also included merchandise that was outside Commerce's scope (e.g., OEM brake rotors, aftermarket and OEM brake drums; products not of gray cast iron (namely, aluminum); and products which do not meet the specified size parameters (including such parts for use in larger-sized vehicles)). This classification also included castings, unfinished, and semifinished products that were shipped into the United States for final processing, provided that they were identifiable as parts of brakes at entry. The HTS statistical reporting number specific to rotors, HTS 8708.39.5030 (brake rotors (discs) for motor vehicles), was created in July 2004. This HTS category was narrower than the previous HTS category in that it no longer included brake drums; however, it was still a broader product grouping than the subject merchandise in that it also included OEM brake rotors and other products that do not meet the specified size parameters. With the HTS nomenclature revision in 2007, U.S. imports of the subject brake rotors are currently imported under HTS statistical reporting number 8708.30.5030.</p>						
Source: Compiled from official Commerce statistics.						

APPENDIX D

**RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS,
AND CHINESE PRODUCERS CONCERNING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF
REVOCATION**

**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the production of aftermarket brake rotors in the future if the subject antidumping duty order were to be revoked. (Question II-6.) The following are quotations from the responses of U.S. producers.

Affinia

“***.”

Federal-Mogul

“***.”

ThyssenKrupp Waupaca Inc.

“***.”

The Commission requested U.S. producers to describe the significance of the existing subject antidumping duty order on aftermarket brake rotors in terms of its effect on their firms' production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. The Commission also requested U.S. producers to compare their operations before and after the imposition of the order. (Question II-17.) The following are quotations from the responses of U.S. producers.

Affinia

“***.”

Federal-Mogul

“***.”

ThyssenKrupp Waupaca Inc.

***.

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of aftermarket brake rotors in the future if the subject antidumping duty order were to be revoked. (Question II-18.) The following are quotations from the responses of U.S. producers.

Affinia

“***.”

Federal-Mogul

“***.”

ThyssenKrupp Waupaca Inc.

“***.”

**U.S. IMPORTERS’ COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. importers to describe any anticipated changes in the character of their operations or organization relating to the importation of aftermarket brake rotors in the future if the subject antidumping duty order was revoked. (Question II-4.) The following are quotations from the responses of importers.

“Yes. There are many small Chinese facilities that will have an influx of rotors at less than fair value costs.”

“Yes. We will reduce purchasing from local vendors and will increase direct imports from China.”

“No.”

“No.”

“No.”

“No.”

“No, irrelevant.”

“No.”

“Yes. If the antidumping order is revoked, the U.S. market probably will be adversely affected because a large volume of low-priced, lower quality rotors would flood the U.S. market at significantly lower prices. Currently, the antidumping order helps stabilize the market and provides some discipline to Chinese exporters.”

“No.”

“No.”

“No.”

“No. Company closed.”

“No.”

“Yes. We may be able to compete more effectively with other importers but the market condition is rather complicated. It is very difficult to forecast the time, nature, and significance of market conditions at this point of time.”

“No.”

“Yes. In order to have an even playing field it is important to have an equal duty for all suppliers, whether the duty is revoked or not.”

“No.”

“Yes. We may resume our operation to meet the market demands.”

“No.”

“No.”

The Commission requested U.S. importers to describe the significance of the existing antidumping duty order on aftermarket brake rotors in terms of its effect on their imports, U.S. shipments of imports, and inventories. (Question II-10.) The following are quotations from the responses of importers.

“The intent of the order was to prevent the shipment of product at less than fair market value. Continuation of the order will lessen the injury in the future. Particularly the risk of dumping by numerous potential new entrants to the U.S. export market who are discouraged from exporting now by the China Wide rate of 43.3% that they would have to pay.”

“Because of antidumping duty order, it is very hard to keep up with customers’ demands of aftermarket brake rotors from China. Also, we have to pay much more to local vendors in our area.”

“The current order impacts our sourcing decisions. A firm with a zero rate is more attractive to purchase from than a firm with the PRC rate or higher.”

“None.”

“The existing antidumping duty order limits import volumes. Due to competitiveness and cost issue, we stopped importing this products year 2006. The last import year was 2005.”

“N/A - Our company did not exist before the imposition of this order.”

“Irrelevant.”

“No big influence before and after imposition of the order.”

“We imported primarily from exporters who were found not to be dumping in the original investigation. Although our import volumes have increased since the order was imposed, our import volume from these suppliers has been consistent with the overall increase in market demand as newer models come on line that were not being supplied by U.S. producers. The antidumping duty order has blocked Chinese producers who will sell at any price, thus preventing destabilization of U.S. market prices.”

“The current anti-dumping duty order creates more work, i.e., Customs for example. If the order were to be revoked, it would only be a positive allowing us to be an equal with those companies who are not currently affected who are also importing like products from China.”

“No significant effect.”

“We are no longer the importer of record on rotors. We are buying through a U.S. company.”

“The company closed and went out of business.”

No response.

“The existing antidumping duty order has significantly helped to reduce our imports; as a result, we have to reconsider our business options.”

“Lower margins.”

“We only hope for a more democratic industry where all suppliers are subject to the same duties.”

“As a result of this anti-dumping order, our Company was forced to reconsider its business with the manufacturers involved. This resulted in a decision which led to the temporary halt on our importation completely. We don’t carry any inventories.”

“We no longer import Chinese rotors.”

“We did not see much significance as the product is no longer made in the U.S.”

“Our company started in 2005. Cannot compare. Import & sale started in 2006.”

The Commission requested U.S. importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of aftermarket brake rotors in the future if the subject antidumping duty order on aftermarket brake rotors was revoked. (Question II-11.) The following are quotations from the responses of importers.

“Yes. Sales would be reduced as customers may want to buy direct from Chinese suppliers. Imports from China would also increase and close down production in the US.”

“Yes. If antidumping duty order is revoked, then our firm will expand aftermarket brake rotors inventories, and same time we will increase our imports from China.”

“Yes. If the order is revoked, I believe it would promote increased competition between Chinese factories, as the potential revocation would level the playing field from a cost basis. Of course quality and delivery would still be important factors. How much competition is hard to say. It is my understanding that a lot of capacity is going to export markets other than the U.S.”

“No.”

“Yes. If this order is revoked, more rotors will come into USA freely. The prices for retail will remain same or lower.”

“No.”

“No. Irrelevant.”

“No.”

“If the antidumping order is revoked, we would face significant price pressure from Chinese exporters currently subject to the order as they would try to sell at very low prices to capture market share and drive down prices for everyone.”

“No.”

“No.”

“No.”

“No.”

“No.”

“If the antidumping duty order were to be revoked, we would anticipate a long term turn around in the amount of imports because the demand remains the same in the US market.”

“No.”

“Yes. We believe that democracy would improve productivity and profitability.”

“Yes. We would probably import rotors from China again.”

“Should the antidumping duty order be revoked, our business may resume in a matter of a few months to original operation.”

“No.”

“No.”

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

Effects on Future Activities of the Firms and the U.S. Market as a Whole (Question III-36)

The Commission asked purchasers to comment on the likely effects of the revocation of the antidumping duty order on imports of aftermarket brake rotors from China on (1) the future activities of their firms and (2) the U.S. market as a whole. Their responses are as follows:

Effects on firm:

“The US Automotive Aftermarket has undergone many changes /improvements since 1997. Back in the late 1990's when the order under review was implemented; many US producers of Automotive Brake Rotors existed in the USA and North America. The order leveled the playing field for these US manufacturers to remain competitive in the aftermarket against Chinese Imports.”

“However, the increased importation of brake rotors from other countries really spawned an industry here in the USA of smaller niche brake systems suppliers that could compete with US producers of brake systems.”

“The Major players in the US Aftermarket Brake Industry in 1997 were Raybestos, Bendix, Wagner, and EIS. Since that time most of these companies are merely a shell of what they once were. EIS was bought out by Federal Mogul who owns the Wagner Brand, who is currently in Chapter 11 Bankruptcy protection. Raybestos has been bought and sold several times. They are currently owned and operated by an investment capital group. Further, they are now a purchasing and marketing company, and they no longer are a primary manufacturer. Bendix owned by Honeywell has been in and out of financial difficulty for many years. The Automotive Aftermarket Portion of which is for sale. What caused all this upheaval? It has been my observation that much of these closings, consolidations, and sales were caused by these major US manufacturers failure to adapt quickly or at all to changes in the market and the world economy.”

“Many companies began importing Chinese Brake Rotors as a companion product to their Manufacturer Branded premium product. This dual line switch began on only the fast moving part numbers to help the Jobber or WD increase their margins. Even the Premium US Manufacturers offered short lines of economy priced product produced in China or alternative countries to help their full line suppliers offer a lower cost higher margin product.”

“Initially China had its share of quality and delivery problems which kept the growth of Chinese Rotors slow for many years, most of the early to mid 1990s. Once Chinese Manufacturers were able to upgrade their machining equipment and processes, the Chinese product improved greatly and the consistency of quality improved, as well as logistics.”

“These improvements along with Technology, a favorable exchange rate and a growing Chinese Economy, made it possible for smaller US companies to work with Chinese Manufacturers to develop a full range of Brake Rotors. Some companies coupled the purchase of Chinese Rotors with the global development of other brake categories like Brake Pads, Hydraulic Cylinders, Brake Shoes, etc to develop full brake systems programs. The sourcing of many categories along with the correct parts information,

packaging, and marketing allowed smaller companies to become reputable full line brake systems suppliers regionally and nation wide. Companies such as Autopart International, Auto Specialty, Centric, IAP Dura International, etc. evolved and challenged the major manufacturers in the market. Still however major manufacturers continued to believe that their name brand was worth more than it really was to the customer. Major Manufacturers kept their prices high to cover their overhead and marketing costs while the smaller companies worked at sourcing and product development to erode the major manufacturers market share. Over time most of these major manufacturers either had to change, or they simply went away.”

“It is my opinion that Chinese Brake Rotors did not harm the US Manufacturer, the US Manufacturer harmed themselves by failing to see and respond to the globalization that was going on around them. Finally when these major US Manufacturers kept losing market share, they tried to respond, but it was just too late in many cases. Now these major manufacturers either own brake rotor factories in China or source from factories in China.”

“Looking forward, I see all that we have been through in the past 20 years just happening again. Small companies will become big. Big companies cannot adjust to market changes quickly. New countries will enter the market with products challenging China. Small nimble companies will see and seize this new opportunity, and the cycle will repeat itself. (See Answer to Question 1-6 attachment for future issues impacting brake rotor manufacturing in China and other countries.)”

“It is my opinion that the effects of any potential revocation of the Anti Dumping Duty order, would simply level the playing field for all of the Chinese Manufacturers to compete against one another for their fair share of the US brake rotor market. The companies in the US with solid sourcing departments would be able to work more easily with Chinese Manufacturers to grow their respective ranges of goods. Simply, the good Chinese manufacturers with good quality, range, delivery, and reasonable costs would survive and lesser quality providers would go away.”

“In conclusion, I do not believe that the revocation of the order would cause our company to change its current sources or vendor relationships. It may however open up new sourcing opportunities.”

“No major changes. There aren’t any U.S. manufacturers. They are all importing from China.”

“None.”

“Small corp., not much business. Bought rotor since 2007 in small quantity.”

“ Unknown.”

“There will not be an effect if the duty is removed. It is hoped there is enough product to meet demand.”

“No changes.”

“Supply car parts to installers as quickly as possible.”

“Don’t think there will be change.”

“No effect - will continue to buy from our current suppliers as there is no longer any U.S. production.”

“A reduction in price is expected in 2008 from our current supplier since they have moved their production to China in 2007.”

“No change.”

Effects on U.S. market:

See response to “Effects on firm.”

“No major changes. There aren’t any U.S. manufacturers. They are all importing from China.”

“None.”

“N/A.”

“Unknown.”

“Capacity constraints are poised to be a problem. Elimination of the duty will ensure available product for US market.”

“No effect.”

“None.”

“Don’t think there will be change.”

“No effect - will continue to buy from our current suppliers as there is no longer any U.S. production.”

“Expect the brake repair industry to more competitive from a pricing perspective. I would expect some of the rotors imported to be inferior in quality but have a substantially lower cost which could confuse the end customers. A customer might understand the difference in rotor costs between installers. Some installers may elect to put on inferior quality rotors at a lesser price, where others will only put on the highest quality.”

“No change.”

CHINESE PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION

The Commission asked Chinese producers if they anticipated any changes in the character of their operations or organization relating to the production of aftermarket brake rotors in the future if the subject antidumping duty order was to be revoked. (Question II-3.) The following are the responses of the Chinese producers.

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

The Commission requested Chinese producers to describe the significance of the existing subject antidumping duty order on aftermarket brake rotors in terms of its effect on their firm's production capacity, production, home market shipments, exports to the United States and other markets, and inventories, and to compare their firm's operations before and after the imposition of the order. (Question II-14.) The following are quotations from the responses of Chinese producers.

“There is no significance. Now the percentage of US market is becoming lower and lower. We will pay more attention to the other markets in the future.”

“Regardless of whether the dumping duty order exists or not, there are no significant effects on our company.”

“There was no significant effect on our company.”

“There are no significant effects on our company’s operation.”

“There is no significant effect on our company.”

“The antidumping, order does not make significant effects on our company’s operations.”

“There are no significant effects on our company.”

“There is no significant effect on our company.”

“There are no significant effects on our company’s operation.”

“There are no significant effects on our company.”

“There is no significant effect on our company. The operation of our company is determined by our customer orders and the supply of the raw materials.”

“That do not affect us.”

“There is no significant effect on our company.”

The Commission asked Chinese producers if they anticipated any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of aftermarket brake rotors in the future if the subject antidumping duty order was to be revoked. (Question II-15.) The following are the responses of the Chinese producers.

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”

“No.”