

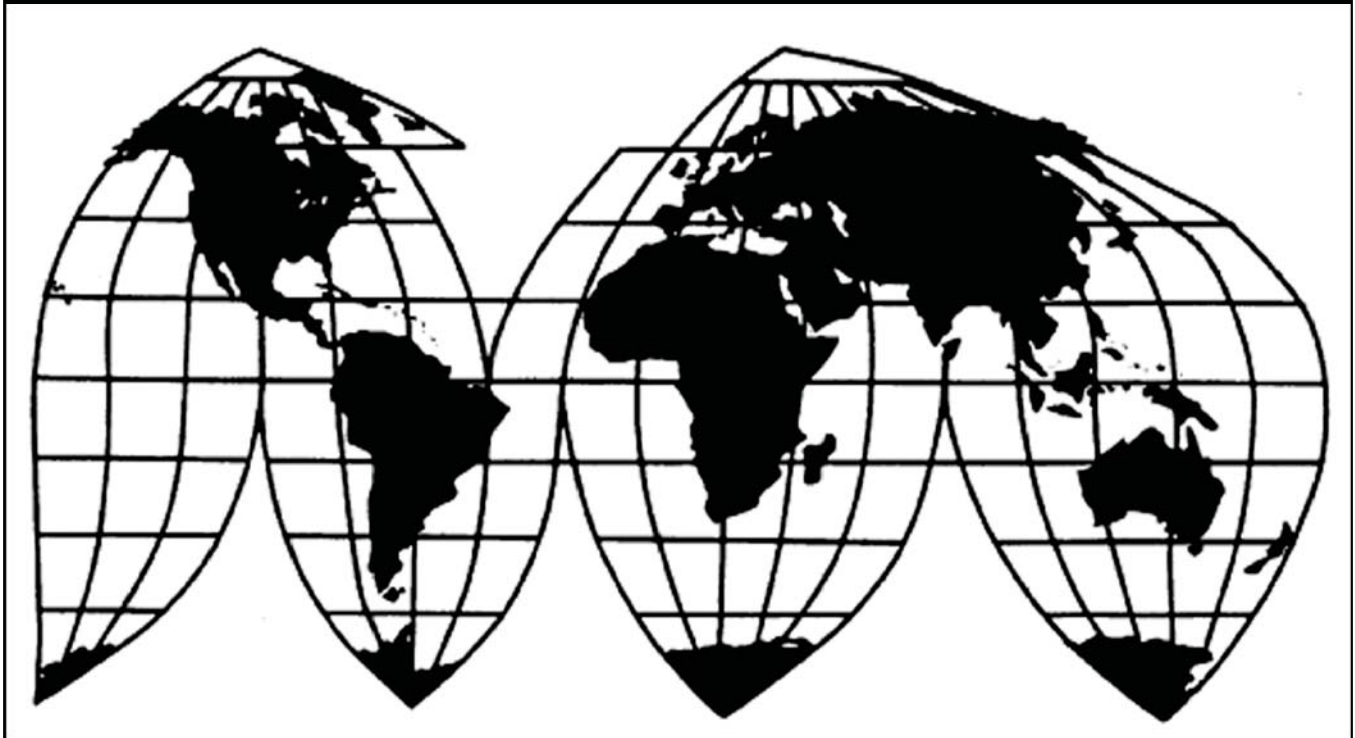
# **Certain Steel Wheels from China**

Investigation Nos. 701-TA-478 and 731-TA-1182 (Preliminary)

**Publication 4233**

**May 2011**

**U.S. 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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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 Nos. 701-TA-478 and 731-TA-1182 (Preliminary)

## CERTAIN STEEL WHEELS FROM CHINA

### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from China of certain steel wheels, provided for in subheading 8708.70 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV) and subsidized by the Government of China.<sup>2</sup>

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

### BACKGROUND

On March 30, 2011, a petition was filed with the Commission and Commerce by Accuride Corp. (Evansville, IN) and Hayes Lemmerz International, Inc. (Northville, MI), alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of certain steel wheels from China. Accordingly, effective March 30, 2011, the Commission instituted countervailing duty investigation No. 701-TA-478 (Preliminary) and antidumping duty investigation No. 731-TA-1182 (Preliminary).

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

<sup>2</sup> Commissioner Charlotte R. Lane and Commissioner Dean A. Pinkert determined that there is a reasonable indication that an industry in the United States is materially injured. Vice Chairman Irving A. Williamson and Commissioner Shara L. Aranoff determined that there is a reasonable indication that an industry in the United States is threatened with material injury. Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson determined that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain steel wheels that are alleged to be sold in the United States at less than fair value (LTFV) and subsidized by the Government of China.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 5, 2011 (76 FR 18781). The conference was held in Washington, DC, on April 20, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

## VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of certain steel wheels from the People's Republic of China ("China") that are allegedly subsidized and sold in the United States at less than fair value ("LTFV").<sup>1</sup>

### I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

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

### II. BACKGROUND

U.S. steel wheel producers Accuride Corp. ("Accuride") and Hayes Lemmerz International, Inc. ("Hayes Lemmerz") (collectively "Petitioners") filed the petitions in these investigations. Petitioners appeared at the preliminary staff conference and submitted a postconference brief.

Several respondents appeared at the conference and submitted postconference briefs: the China Chamber of Commerce for Import and Export of Machinery and Electronic Products ("CCCME"), which represents five Chinese producers of steel wheels, and Trans-Texas Tire, Inc. ("TTT") and Advanced Wheel Sales LLC ("AWS"), importers of subject merchandise.

U.S. industry data are based on questionnaire responses of 2 firms (Accuride and Hayes Lemmerz) accounting for more than \*\*\* percent of U.S. production of steel wheels in 2010.<sup>4</sup> Because a

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<sup>1</sup> Commissioners Lane and Pinkert find that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of certain steel wheels from China that are allegedly subsidized and sold at less than fair value. Vice Chairman Williamson and Commissioner Aranoff find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of subject imports of certain steel wheels from China that are allegedly subsidized and sold at less than fair value. Chairman Okun and Commissioner Pearson find that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of subject imports of certain steel wheels from China that are allegedly subsidized and sold at less than fair value. See Dissenting Views of Chairman Deanna T. Okun and Commissioner Daniel R. Pearson.

<sup>2</sup> 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

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

<sup>4</sup> CR at I-4, PR at I-3.

portion of subject merchandise is covered by HTS categories that also include nonsubject merchandise,<sup>5</sup> we rely on questionnaires for import data,<sup>6</sup> although we recognize that the questionnaire data do not fully cover imports. Data for subject imports from China are based on responses by 17 importers, which are believed to account for more than two-thirds of total subject imports from China; data for nonsubject imports are based on responses by 15 importers, which are believed to account for more than one-half of total nonsubject imports.<sup>7</sup>

The Commission received questionnaire responses from six Chinese producers of the subject product.<sup>8</sup> These firms accounted for approximately 9.3 percent of total steel wheel production in China in 2010 and \*\*\* or more of exports of subject merchandise to the United States in that year.<sup>9</sup>

### III. DOMESTIC LIKE PRODUCT

#### A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the

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<sup>5</sup> The imported steel wheels subject to these investigations are reported under HTS statistical reporting numbers 8708.70.0500 (road wheels for tractors (except road tractors) suitable for agricultural use), 8708.70.2500 (road wheels for tractors (except road tractors) other than for agricultural use (e.g., construction use)), and 8708.70.4530 (road wheels for other vehicles of subheading 8701.20 or heading 8702, 8704 or 8705). All U.S. imports reported under HTS statistical reporting number 8708.70.4530 fall within the scope description of these investigations. A substantial amount of wheels that fall within the scope description also enter the United States under HTS statistical reporting numbers 8708.70.0500 and 8708.70.2500; however, only a portion of the total merchandise that enters the United States under these two HTS numbers falls within the scope description. Therefore, a presentation of U.S. imports based on HTS statistical reporting number 8708.70.4530 would result in the underreporting of U.S. imports of steel wheels of 18" - 24.5" in diameter; however, a presentation of import data based on all three HTS statistical reporting numbers would result in an overstatement of such imports. CR at IV-3, PR at IV-1.

<sup>6</sup> At the Commission's conference in these investigations, all parties were asked to comment on the appropriate basis for the presentation of data on U.S. imports. In their postconference briefs, the parties generally agreed that the Commission should base the presentation of U.S. import data on the data provided by U.S. importers in their responses to the Commission's importer questionnaire. The petitioners added that the U.S. import data as reported in the importer questionnaire responses should be upwardly adjusted based on the foreign producer questionnaire responses that identify specific levels of exports to the United States by importers who have not responded to the importer questionnaire. The petitioners listed seven U.S. importers identified in the questionnaire responses of certain Chinese producers that had not responded to the Commission's importer questionnaire and provided suggested adjustments to the data to account for these seven firms. Since the filing of the petitioners' postconference brief, however, four of those seven importers provided complete responses to the Commission's importer questionnaire. The remaining three non-responding U.S. importers are reported by the Chinese producers to have accounted for a relatively minor share of each foreign producer's total exports of subject merchandise to the United States in 2010. Therefore, the U.S. import data are based solely on the data provided in response to the Commission's importer questionnaires and do not include an upward adjustment to the import data as suggested by the petitioners. CR at IV-3 to IV-4, PR at IV-1 to IV-2.

<sup>7</sup> CR at I-5, PR at I-3.

<sup>8</sup> Dongfeng Automotive, Shandong Jining, Shandong Shengtai, Shandong Xingmin, Xiamen Sunrise, and Zhejiang Jingu. CR/PR at VII-1.

<sup>9</sup> CR at VII-2, PR at VII-1.

“domestic like product” and the “industry.”<sup>10</sup> Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>11</sup> In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation ....”<sup>12</sup>

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.<sup>13</sup> No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.<sup>14</sup> The Commission looks for clear dividing lines among possible like products and disregards minor variations.<sup>15</sup> Although the Commission must accept the determination of the U.S. Department of Commerce (“Commerce”) as to the scope of the imported merchandise that is subsidized or sold at less than fair value,<sup>16</sup> the Commission determines what domestic product is like the imported articles Commerce has identified.<sup>17</sup> The Commission must base its domestic like product determination on the record in these investigations. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product

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<sup>10</sup> 19 U.S.C. § 1677(4)(A).

<sup>11</sup> 19 U.S.C. § 1677(4)(A).

<sup>12</sup> 19 U.S.C. § 1677(10).

<sup>13</sup> See, e.g., Cleo, Inc. V. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

<sup>14</sup> See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

<sup>15</sup> Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

<sup>16</sup> See, e.g., USEC, Inc. v. United States, Slip Op. 01-1421 at 9 (Fed. Cir. April 25, 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

<sup>17</sup> Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

issues.<sup>18</sup> Each like product determination made by the Commission is sui generis, and starts with the scope of the investigation.

## **B. Product Description**

The Department of Commerce has defined the scope of the imported merchandise under investigation as follows:

The products covered by this investigation are steel wheels with a wheel diameter of 18 to 24.5 inches. Rims and discs for such wheels are included, whether imported as an assembly or separately. These products are used with both tubed and tubeless tires. Steel wheels, whether or not attached to tires or axles, are included. However, if the steel wheels are imported as an assembly attached to tires or axles, the tire or axle is not covered by the scope. The scope includes steel wheels, discs, and rims of carbon and/or alloy composition and clad wheels, discs, and rims when carbon or alloy steel represents more than fifty percent of the product by weight. The scope includes wheels, rims, and discs, whether coated or uncoated, regardless of the type of coating.<sup>19</sup>

Steel wheels are typically used in commercial vehicles, including trucks, buses, trailers, and fire trucks.<sup>20</sup>

## **C. Domestic Like Product Analysis**

Petitioners argue that the Commission should find a single domestic like product consisting of steel wheels ranging from 18 inches to 24.5 inches in diameter, coextensive with Commerce's scope.<sup>21</sup> Respondents CCCME and AWS indicate that they do not contest the Petitioners' proposed definition of a single domestic like product for purposes of these preliminary phase investigations.<sup>22</sup> However, one

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<sup>18</sup> See, e.g., Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

<sup>19</sup> 76 FR 23294 (Apr. 26, 2011).

<sup>20</sup> CR at I-10, PR at I-7.

<sup>21</sup> Petitioners' Postconf. Br. at 9.

<sup>22</sup> See e.g., CCCME Postconf. Br. at 10; AWS Postconf. Br. at 6.

respondent interested party, importer TTT, argues that the Commission should expand the domestic like product to include aluminum wheels of 18 inches to 24.5 inches in diameter.<sup>23</sup>

As discussed below, based on the record in these preliminary phase investigations and our traditional six-factor analysis, we determine that the definition of the domestic like product should not be expanded beyond the scope of the investigations to include aluminum wheels.

### ***Physical characteristics and uses***

Steel wheels and aluminum wheels consist of entirely different metal alloys. Steel wheels are produced from steel coil whereas aluminum wheels are forged from aluminum billets.<sup>24</sup> Both steel and aluminum wheels generally have the same end uses. Also, both are primarily sold to original equipment manufacturers (“OEMs”), often to be used on trucks and trailers, to provide the means to propel the vehicle.<sup>25</sup>

### ***Interchangeability***

The parties appear to agree, and the record confirms, that steel wheels and aluminum wheels are operationally interchangeable.<sup>26</sup> There is evidence in the record suggesting that aluminum and steel wheels generally have the same performance characteristics, but that aluminum wheels are purchased because of their physical appearance, reduced maintenance needs, or lighter weight.<sup>27</sup>

### ***Common manufacturing facilities, production processes, and production employees***

The parties agree, and the record confirms, that the manufacturing facilities and production processes for steel and aluminum wheels are completely different.<sup>28</sup> There were three domestic producers of steel wheels (Accuride, Hayes Lemmerz, and Titan) and two domestic producers of aluminum wheels (Accuride and Alcoa) during the period examined.<sup>29</sup> Domestic producer Accuride manufactures steel wheels at its facility in Henderson, Kentucky, and it produces aluminum wheels at a heavy truck aluminum plant in Erie, Pennsylvania.<sup>30</sup> Accuride explained that the aluminum facility is a completely

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<sup>23</sup> TTT Postconference Br. at 10-13. In addition, AWS suggests that, in any final phase investigations, the Commission should find aluminum and steel wheels to be within the same like product as steel wheels. See e.g., AWS Postconf. Br., Ex. 1. We remind the parties that, pursuant to rule 19 C.F.R. § 207.20(b), requests for data collection in any final phase investigations should be made at the time written comments on draft questionnaires are made. As the Commission’s notice of rulemaking promulgating this rule stated, this is particularly important with respect to such issues as domestic like product. See 61 Fed. Reg. 37818, 37826 (July 22, 1996).

<sup>24</sup> CR at I-15, PR at I-10.

<sup>25</sup> CR at I-15 & I-17 to I-18, PR at I-10 to I-12.

<sup>26</sup> See e.g., Petitioners’ Postconference Br. at 20; TTT Postconference Br. at 12; CR at I-17 to I-18, PR at I-11 to I-12.

<sup>27</sup> CR at I-17 to I-18, PR at I-11 to I-12; Conf. Tr. at 61 (Mr. Noll) (“But the majority of aluminum wheels are just bought because they look good, really.”).

<sup>28</sup> See e.g., Petitioners’ Postconference Br. at 20; TTT Postconference Br. at 12.

<sup>29</sup> CR at I-15 to I-16, PR at I-10 to I-11.

<sup>30</sup> CR at I-16, PR at I-11.

different type of plant using a different type of manufacturing process to manufacture aluminum wheels.<sup>31</sup> Accuride's aluminum wheel facility uses cast aluminum billets (or logs) from which a wheel similar in its final contours to the general shape of the steel rim and disc is forged and machined as a single piece.<sup>32</sup> On the other hand, Accuride's steel wheel facility uses steel coil input from which a rim and disc are machined as separate parts and then welded together to form the wheel. Hayes Lemmerz previously produced aluminum wheels at five production facilities. The last of those facilities was closed in 2008.<sup>33</sup> Hayes Lemmerz's steel wheels are currently produced at facilities in Sedalia, Missouri, and Akron, Ohio.<sup>34</sup>

### *Channels of distribution*

The parties generally agree that steel wheels and aluminum wheels are distributed through similar distribution channels.<sup>35</sup> Both domestically produced steel wheels and aluminum wheels are predominantly sold to truck and trailer OEMs, with the remainder sold to the aftermarket (e.g., distributors, buying groups, and retailers that sell to commercial truck fleets).<sup>36</sup>

### *Customer and producer perceptions*

U.S. producers Accuride and Hayes Lemmerz claim that aluminum and steel wheels are perceived as different products in the marketplace and that their customers view aluminum wheels as superior to steel wheels in terms of both physical appearance and maintenance.<sup>37</sup> However, TTT contends that customer and producer perceptions for aluminum and steel wheels are similar.<sup>38</sup> We find that the record, on balance, does not support the claim that customers view the two types as the same product, but they may be considered substitutes.<sup>39</sup>

### *Price*

Both AUV data collected by the Commission and conference testimony indicate that aluminum wheels are approximately three times more expensive than steel wheels.<sup>40</sup>

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<sup>31</sup> CR at I-16, PR at I-11.

<sup>32</sup> CR at I-16, PR at I-11.

<sup>33</sup> Conf. Tr. at 23 (Hampton).

<sup>34</sup> Petitioners' Postconf. Br. at 11, 14; Conference Tr. at 21-22 (Noll) and 23 (Hampton).

<sup>35</sup> Petitioners' Postconf. Br. at 12; TTT Postconf. Br. at 12.

<sup>36</sup> CR at I-19, PR at I-12 to I-13; Conf. Tr. at 15-16 (Schomer).

<sup>37</sup> Petitioners' Postconference Br. at 13; Conference Tr. at 61 (Caulfield).

<sup>38</sup> TTT Postconference Br. at 13.

<sup>39</sup> Commissioner Pinkert does not make any findings with respect to customer and producer perceptions at this time, but will consider this issue further in any final phase investigations, after the Commission has issued purchaser questionnaires.

<sup>40</sup> CR/PR at Tables I-2 & III-4; Conference Tr. at 55 (Schomer).



## *Conclusion*

In these preliminary phase investigations, we define the domestic like product as certain steel wheels, which is coextensive with Commerce's scope. We decline to expand the domestic like product to include aluminum wheels.

Aluminum wheels are different from steel wheels in several important respects. Steel wheels and aluminum wheels consist of completely different metal alloys. Aluminum wheels and steel wheels are manufactured at different production facilities using entirely different production processes and employees. Aluminum wheels also are approximately three times as expensive as steel wheels. U.S. producers state that aluminum and steel wheels are perceived to be different products in the marketplace. Purchasers select between the two types based on differences in price, physical appearance, maintenance needs, and fuel efficiency. Thus, they may perceive aluminum wheels as substitutes for steel wheels rather than as the same product.

The parties generally appear to agree that aluminum and steel wheels are distributed largely through the same commercial channels to vehicle manufacturers for use as original equipment on trucks and trailers, thus making them operationally interchangeable. On balance, however, we believe that the other factors discussed above – especially differences in materials, separate production processes and manufacturing facilities, and the price premium for aluminum wheels – show significant differences between aluminum and steel wheels. Accordingly, based on the record in these preliminary phase investigations, we do not expand the domestic like product to include aluminum wheels. Therefore, we find a single domestic like product, consisting of all steel wheels ranging from 18 inches to 24.5 inches in diameter, that is co-extensive with the scope of the investigations.

## **IV. DOMESTIC INDUSTRY**

The domestic industry is defined as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>41</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Based on our finding of a single domestic like product that is co-extensive with the scope of these investigations, we find that the domestic industry includes all domestic producers of steel wheels ranging from 18 inches to 24.5 inches in diameter.

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<sup>41</sup> 19 U.S.C. § 1677(4)(A).

## V. REASONABLE INDICATION OF MATERIAL INJURY OR THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS<sup>42</sup>

### A. Legal Standard

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.<sup>43</sup> In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.<sup>44</sup> The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”<sup>45</sup> In assessing whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>46</sup> No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>47</sup>

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury “by reason of” unfairly traded imports,<sup>48</sup> it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.<sup>49</sup> In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause

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<sup>42</sup> Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. During the most recent 12-month period prior to filing of the petition for which data are available, subject imports from China constituted \*\*\* percent of total imports of steel wheels. CR at IV-8, PR at IV-5. Therefore, the volume of subject imports was well above the statute’s three percent negligibility level.

<sup>43</sup> 19 U.S.C. §§ 1671b(a), 1673b(a).

<sup>44</sup> 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... {and} explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

<sup>45</sup> 19 U.S.C. § 1677(7)(A).

<sup>46</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>47</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>48</sup> 19 U.S.C. §§ 1671b(a), 1673b(a).

<sup>49</sup> Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’g 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.<sup>50</sup>

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.<sup>51</sup> In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.<sup>52</sup> Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject

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<sup>50</sup> The Federal Circuit, in addressing the causation standard of the statute, observed that “[a]s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

<sup>51</sup> Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

<sup>52</sup> SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “[i]f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

imports, which may be contributing to overall injury to an industry.<sup>53</sup> It is clear that the existence of injury caused by other factors does not compel a negative determination.<sup>54</sup>

Assessment of whether material injury or threat of material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”<sup>55</sup> <sup>56</sup> Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”<sup>57</sup>

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.<sup>58</sup> The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific

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<sup>53</sup> S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

<sup>54</sup> See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

<sup>55</sup> Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

<sup>56</sup> Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances, when considering present material injury, to undertake a particular kind of analysis of nonsubject imports, albeit without reliance upon presumptions or rigid formulas. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

<sup>57</sup> Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

<sup>58</sup> Mittal Steel, 542 F.3d at 875-79.

methodology; instead, the Court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.<sup>59</sup> Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.<sup>60 61</sup>

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard. Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.<sup>62</sup>

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”<sup>63</sup> The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole” in making its determination whether dumped or subsidized imports are imminent and whether

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<sup>59</sup> Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

<sup>60</sup> Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

<sup>61</sup> To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of nonsubject imports.

<sup>62</sup> Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

<sup>63</sup> 19 U.S.C. § 1677(7)(F)(ii).

material injury by reason of subject imports would occur unless an order is issued.<sup>64</sup> In making our determination, we consider all statutory threat factors that are relevant to these investigations.<sup>65</sup>

## **B. Conditions of Competition and the Business Cycle**

The following conditions of competition inform our analysis in the preliminary phase of these investigations.

### **1. Demand Considerations**

Steel wheels are used on medium and heavy trucks, typically classified in classes 5 through 8, as well as for buses, military vehicles, mobile construction equipment, frac trailers (stationary water tanks

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<sup>64</sup> 19 U.S.C. § 1677(7)(F)(ii).

<sup>65</sup> These factors are as follows:

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

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

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

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

(V) inventories of the subject merchandise,

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

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

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. No party has argued that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

used in oil fields), and other large off-the-road vehicles.<sup>66</sup> U.S. demand for steel wheels by OEMs is driven by the production of new commercial trucks and/or trailers.<sup>67</sup> Meanwhile, demand in the non-OEM or aftermarket sector is driven by demand for steel wheels used in repairing trucks and/or trailers.<sup>68</sup> It is unclear whether market participants consider OEM service departments (“OES”) to fall into the OEM or aftermarket sector, \*\*\*.<sup>69</sup> In any final phase investigations, we will seek to ensure that data are collected on a consistent basis for the various parts of the overall market.

Total apparent U.S. consumption of steel wheels decreased by 29.7 percent from 2008 to 2009 (from 3.5 million wheels to 2.4 million wheels), but increased by 51.9 percent in 2010 (to 3.7 million wheels).<sup>70</sup> Overall, apparent U.S. consumption of steel wheels was 6.7 percent higher in 2010 compared with 2008.<sup>71</sup> During the period of investigation, demand for steel wheels for commercial trucks was particularly lackluster.<sup>72</sup> Future demand for steel wheels is projected to be strong by the parties, as well as independent industry sources.<sup>73</sup> In any final phase investigations, we will further explore demand trends in the various sectors of the market (i.e., various OEM and repair sectors).

## 2. Supply Considerations

Domestic producer Accuride manufactures steel wheels at its facility in Henderson, Kentucky.<sup>74</sup> Domestic producer Hayes Lemmerz produces steel wheels at its facilities in Sedalia, Missouri, and Akron, Ohio.<sup>75</sup> During the period of investigation, both domestic producers filed for and emerged from Chapter 11 bankruptcy, although both firms maintained their U.S. steel wheel operations throughout the period of investigation.<sup>76</sup>

Since 2008, nonsubject imports have been supplied by many countries, including Mexico, Canada, Turkey, Germany, and Korea.<sup>77</sup> More than \*\*\* of the reported nonsubject imports were imported by domestic steel wheel producers Accuride and Hayes Lemmerz.<sup>78</sup>

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<sup>66</sup> CR at II-8, PR at II-5 to II-6.

<sup>67</sup> CR at IV-8 to IV-9, PR at IV-5.

<sup>68</sup> CR at II-8, PR at II-5.

<sup>69</sup> \*\*\*. CR at V-3 to V-4, PR at V-3.

<sup>70</sup> CR/PR at Table C-1.

<sup>71</sup> CR at IV-9, PR at IV-5; CR/PR at Table C-1.

<sup>72</sup> CR at IV-9, PR at IV-5.

<sup>73</sup> CR at IV-9, PR at IV-5.

<sup>74</sup> CR/PR at Table III-1.

<sup>75</sup> CR/PR at Table III-1.

<sup>76</sup> Accuride filed for Chapter 11 bankruptcy in October 2009 and emerged therefrom in February 2010. Hayes Lemmerz filed for Chapter 11 bankruptcy in May 2009 and emerged therefrom in December 2009. CR at VI-2 n.4, PR at VI-1 n.4. Respondents argue that there is no indication that the bankruptcy filings were related to the effects of subject imports. See e.g., Conf. Tr. at 12-13 & 175.

<sup>77</sup> CR at II-7, PR at II-5.

<sup>78</sup> CR/PR at Tables III-6 & IV-2.

At the beginning of the period examined, domestic producers accounted for almost \*\*\* of the U.S. market, followed by non-subject imports, and then subject imports.<sup>79</sup> By 2010, the domestic industry's market share fell to \*\*\* of the U.S. market, non-subject imports \*\*\* their market share to \*\*\* of the U.S. market, followed by subject imports, which remained slightly below their market share at the beginning of the period of investigation.<sup>80</sup>

### **3. Substitutability**

While factors such as differences in lead times and product quality may limit substitutability somewhat, the record indicates a moderate to high level of substitutability between subject imports and the domestic like product.<sup>81</sup> \*\*\* responding U.S. producers and a majority of importers reported that the domestic and Chinese products are “always” or “frequently” interchangeable.<sup>82</sup> The majority of producers and importers reported that product from different nonsubject countries was either “always” or “frequently” interchangeable with product from China.<sup>83</sup> U.S. producers also reported that differences other than price were \*\*\* important for any country combination.<sup>84</sup> Responses by importers on this issue were mixed, with importers reporting a number of differences other than price, including lead times, availability, commercial/customer support, name brand recognition, and differences in product range.<sup>85</sup> However, with respect to the comparison between domestic product and subject imports, 11 of 17 responding importers stated that differences other than price were “never” or “sometimes” important. Thus, the record indicates that price is an important sales factor, but not the only one.<sup>86</sup>

### **4. Other Conditions**

Chinese respondent CCCME argues that, due to certain weight and fuel-efficiency advantages, aluminum wheels captured market share from steel wheels during the period of investigation.<sup>87</sup> In any final phase investigation, we intend to examine more closely the effects of competition from aluminum wheels on the domestic steel wheel industry.

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<sup>79</sup> CR at IV-9, PR at IV-7; CR/PR at Table C-1.

<sup>80</sup> U.S. producers' market share decreased from \*\*\* percent in 2008 to \*\*\* percent in 2009 and \*\*\* percent in 2010. Subject imports' market share decreased from 12.6 percent in 2008 to 9.0 percent in 2009, then increased to 11.7 percent in 2010. Nonsubject imports' market share increased from \*\*\* percent in 2008 to \*\*\* percent in 2009 and \*\*\* percent in 2010. CR at IV-9, PR at IV-7; CR/PR at Table C-1.

<sup>81</sup> CR at II-15, PR at II-11.

<sup>82</sup> CR/PR at Table II-3.

<sup>83</sup> CR/PR at Table II-3.

<sup>84</sup> CR at II-17, PR at II-12.

<sup>85</sup> CR at II-18 to II-19, PR at II-13.

<sup>86</sup> CR at II-18 to II-19, PR at II-12 to II-13.

<sup>87</sup> See e.g., CCCME Postconf. Br. at 13.



**C. Determination by Commissioners Lane and Pinkert of a Reasonable Indication of Material Injury by Reason of Subject Imports**

**1. Volume of the Subject Imports**

Section 771(7)(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”<sup>88</sup> As stated above, in the preliminary phase of these investigations, we rely on questionnaire data rather than on official import statistics, although the questionnaire data are rather limited in terms of their coverage.<sup>89</sup>

In absolute terms, the volume of subject imports decreased from 516,000 wheels in 2008 to 240,000 wheels in 2009, and then increased to 509,000 wheels in 2010, for an overall slight decline of 1.4 percent.<sup>90</sup>

In terms of market penetration, subject imports’ share of apparent U.S. consumption fluctuated during the period of investigation, falling from 12.6 percent in 2008 to 9.0 percent in 2009, and increasing to 11.7 percent in 2010.<sup>91</sup> While the domestic industry’s market share declined \*\*\* between 2008 and 2010, it was captured \*\*\* by nonsubject imports.<sup>92</sup> We note, however, that subject imports maintained a significant presence in the U.S. market throughout the period of investigation, regardless of fluctuations in demand.<sup>93</sup>

For purposes of the preliminary phase of these investigations, we find the subject import volume to be significant, both in absolute terms and relative to consumption and production in the United States.

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<sup>88</sup> 19 U.S.C. § 1677(7)(C)(i).

<sup>89</sup> The responding Chinese producers’ reported exports to the United States in 2010 accounted for \*\*\* of total exports of steel wheels from China to the United States. CR at VII-2 to VII-3; PR at VII-1 to VII-2. We note that the questionnaire data collected in these preliminary phase investigations regarding the volume of imports from China are somewhat inconsistent with the export volume data on the record. See e.g., CR/PR at Tables IV-2 & VII-3.

<sup>90</sup> CR/PR at Table IV-2.

<sup>91</sup> CR/PR at Table C-1.

<sup>92</sup> While the domestic industry’s market share declined from \*\*\* percent in 2008 to \*\*\* percent in 2009 to \*\*\* percent in 2010, nonsubject imports’ share of apparent U.S. consumption increased from \*\*\* percent 2008 to \*\*\* percent in 2009, and to \*\*\* percent in 2010. CR/PR at Table C-1.

<sup>93</sup> CR/PR at Tables C-1 & Table IV-5 (ratio of imports to U.S. production) .

## 2. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports,

the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.<sup>94</sup>

As discussed above, while factors such as differences in lead times and product quality may limit substitutability somewhat, the record indicates a moderate to high level of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.<sup>95</sup>

The Commission collected quarterly pricing data for six pricing products.<sup>96</sup> Two U.S. producers and 17 importers of steel wheels from China and/or nonsubject countries provided usable pricing data for the Commission's six pricing products.<sup>97</sup> Pricing data reported by these firms accounted for approximately 68.7 percent of reported U.S. producers' commercial shipments of steel wheels and 64.5 percent of reported U.S. shipments of subject imports from China during the period of investigation.<sup>98</sup>

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<sup>94</sup> 19 U.S.C. § 1677(7)(C)(ii).

<sup>95</sup> CR at II-15 & II-18 to II-19, PR at II-10 to II-11 & II-13.

<sup>96</sup> CR at V-5 to V-4, PR at V-4. The products for which pricing data were collected are as follows:

Product 1.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 65 to 75 pounds, sold to firms other than OEMs.

Product 2.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to firms other than OEMs.

Product 3.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 86 pounds or more, sold to firms other than OEMs.

Product 4.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 65 to 75 pounds, sold to OEMs.

Product 5.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to OEMs.

Product 6.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 86 pounds or more, sold to OEMs.

<sup>97</sup> CR at V-5, PR at V-4.

<sup>98</sup> CR at V-5 to V-6, PR at V-4.

Subject imports undersold the domestic like product in 44 of 48 quarterly pricing comparisons by an average margin of 24.2 percent.<sup>99</sup> Moreover, underselling by subject imports became more prevalent toward the end of the period of investigation.<sup>100</sup> Because price is an important consideration in purchasing decisions, we find this pervasive underselling to be significant. In any final phase investigations, we intend to collect further pricing data concerning the various channels and/or sectors of the U.S. steel wheel market.

The prices of the domestic products generally remained flat during the period of investigation. Therefore, we do not find evidence of significant price-depressing effects by subject imports.<sup>101</sup> We do find some evidence of price suppression from 2008 to 2009.<sup>102</sup> The domestic industry experienced a cost-price squeeze during the period of investigation as it was unable to raise prices enough to offset increased costs. During the period of investigation, the domestic industry's cost-of-goods sold ("COGS") to net sales ratio increased from \*\*\* percent in 2008 to \*\*\* percent in 2009, although it dropped to \*\*\* percent in 2010 – an overall increase of \*\*\* percentage points.<sup>103</sup> Between 2008 and 2009, the domestic industry experienced a cost-price squeeze (i.e., higher COGS-to-sales ratio) due to a decline in average sales value and a corresponding increase in COGS.<sup>104</sup> In 2010, a further decline in average sales value was offset by lower average COGS, which resulted in a modest decline in the COGS-to-sales ratio.<sup>105 106</sup> We intend to further examine the degree to which subject imports causing price suppression in any final phase investigations.

Moreover, \*\*\* lost sales allegations by U.S. producers of steel wheels were confirmed in these preliminary phase investigations, totaling \$\*\*\*.<sup>107</sup> Four of five purchasers who confirmed lost sales allegations specifically cited the lower prices of the Chinese product.<sup>108</sup> The pervasive underselling and evidence of lost sales lead us to conclude that subject imports were able to maintain a significant presence in the market during the period examined through aggressive pricing.

We intend to revisit the issue of whether subject imports are having any significant adverse price effects in any final phase investigation.

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<sup>99</sup> CR/PR at Table V-8. Subject imports undersold the domestic products in all (18) comparisons for sales to OEMs.

<sup>100</sup> Subject imports undersold the domestic like product in 10 of 13 quarterly price comparisons in 2008, in 15 of 16 quarterly price comparisons in 2009, and in all 19 quarterly price comparisons in 2010. CR/PR at Tables V-1 to V-6.

<sup>101</sup> CR/PR at Tables V-1 to V-6.

<sup>102</sup> Commissioner Pinkert finds evidence of price suppression by subject imports only from 2008 to 2009, when unit costs increased and the COGS-to-net sales ratio increased from \*\*\* percent to \*\*\* percent. Although demand decreased during this period, given the relatively inelastic demand for steel wheels, the domestic industry would have been expected to cover its increased costs.

<sup>103</sup> CR/PR at Table C-1.

<sup>104</sup> CR/PR at Table C-1.

<sup>105</sup> CR/PR at Table C-1.

<sup>106</sup> Commissioner Lane finds that, notwithstanding this decline, the industry's COGS-to-sales ratio remained higher in 2010 compared to 2008, as discussed above.

<sup>107</sup> CR at V-22, PR at V-10.

<sup>108</sup> CR/PR at Table V-10.

### 3. Impact of the Subject Imports<sup>109</sup>

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”<sup>110</sup> These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>111</sup>

Between 2008 and 2010, apparent U.S. consumption of steel wheels fluctuated, declining from 2008 to 2009 during the recession, then increasing by 51.9 percent from 2009 to 2010.<sup>112</sup> Demand increased overall by 6.7 percent over the period of investigation.<sup>113</sup> Notwithstanding increased demand, the domestic industry’s financial performance declined over the period of investigation. The domestic industry’s profitability \*\*\* in 2009 during the recession, and remained sluggish in 2010.<sup>114</sup> In fact, even with an increase in apparent U.S. consumption of 51.9 percent from 2009 to 2010, the domestic industry’s output indicators, such as production, capacity utilization, shipments, and sales, only partially recovered in 2010 and stayed \*\*\* below 2008 levels.<sup>115</sup> The domestic industry’s unit sales values continued to decline in 2010.<sup>116</sup> The number of production related workers fell \*\*\* from 2008 to 2010.<sup>117</sup> After the

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<sup>109</sup> In its notice initiating an antidumping duty investigation on steel wheels from China, Commerce reported estimated dumping margins ranging from 30.25 percent to 193.54 percent. 76 Fed. Reg. 23294 (Apr. 26, 2011).

<sup>110</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 (“In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”)

<sup>111</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

<sup>112</sup> CR/PR at Table C-1.

<sup>113</sup> CR/PR at Table C-1.

<sup>114</sup> The domestic industry’s operating \*\*\* was \$\*\*\* in 2008, it had an operating \*\*\* of \$\*\*\* in 2009, and its operating \*\*\* was \$\*\*\* in 2010. The domestic industry’s ratio of operating income to net sales was \*\*\* percent in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. Capital expenditures were \$\*\*\* in 2008, \$\*\*\* in 2009, and \$\*\*\* in 2010. CR/PR at Table C-1.

<sup>115</sup> Production was \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. Capacity utilization was \*\*\* percent in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. Domestic shipments, by quantity, were \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. Net sales, by quantity, were \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. Production capacity stayed relatively level throughout the period of investigation: it was \*\*\* units in 2008 and 2009, and fell \*\*\* to \*\*\* units in 2010. End-of-period inventories were \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. CR/PR at Table C-1.

<sup>116</sup> CR/PR at Table C-1.

<sup>117</sup> Production related workers totaled \*\*\* in 2008, \*\*\* in 2009, and \*\*\* in 2010. Hours worked totaled \*\*\* in 2008, \*\*\* in 2009, and \*\*\* in 2010. Other employment indicators followed similar trends as the output indicators discussed above, with the exception of hourly wages which recovered to 2008 levels in 2010. For example, wages paid were \$\*\*\* in 2008, \$\*\*\* in 2009, and \$\*\*\* in 2010. Hourly wages were \$\*\*\* in 2008, \$\*\*\* in 2009, and \$\*\*\* in 2010. CR/PR at Table C-1.

recession, when demand peaked, the domestic industry lost market share to the subject imports.<sup>118</sup> In short, the domestic industry did not benefit fully from the recovery of the steel wheels market after the recession.

For purposes of these preliminary determinations, we conclude that, during the period of investigation, significant volumes of low-priced subject imports that undersold the domestic like product took sales volumes and revenues away from the domestic industry. Even as demand peaked in 2010, the domestic industry's performance was sluggish, while subject imports remained a significant presence in the U.S. market. The domestic industry saw near-lows for the period in production, domestic shipments, and sales revenues in 2010, while demand for steel wheels peaked and subject imports increased their already significant presence in the U.S. market. These output and revenue declines have, in turn, contributed to the domestic industry's reduced production and capacity utilization as well as its observed declines in employment and operating performance.<sup>119</sup>

Consequently, we conclude for purposes of these preliminary phase investigations that there is a causal nexus between the subject imports and the observed declines in domestic industry performance. In light of this, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of the subject imports.

We have considered whether there are other factors that may have had an adverse impact on the domestic industry during the period examined. We recognize that the significant decline in apparent U.S. consumption in 2009 had a role in the domestic industry's deteriorating performance in that year. Nevertheless, as previously noted, apparent U.S. consumption reached period-high levels in 2010, while the domestic industry's financial recovery was very modest.

We recognize that nonsubject imports, which increased their share of the U.S. market over the period of investigation, may have had an adverse impact on the domestic industry's performance. We note, however, that prices for subject imports were lower than those of nonsubject imports in the overwhelming number of available price comparisons.<sup>120</sup> Also, more than \*\*\* of the reported nonsubject imports were imported by the domestic producers.<sup>121</sup> We intend to revisit the issue of the role of nonsubject imports in the U.S. market in any final phase investigations.<sup>122</sup>

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<sup>118</sup> U.S. producers' market share decreased from \*\*\* percent in 2009 to \*\*\* percent in 2010. CR/PR at Table C-1.

<sup>119</sup> We note that contrary to Respondents' assertions, subject imports do compete in the OEM market. See e.g., CR/PR at Table V-8.

<sup>120</sup> CR/PR at Appendix D-3.

<sup>121</sup> CR/PR at Tables III-6 & IV-2.

<sup>122</sup> Based on the record evidence in the preliminary phase of these investigations, Commissioner Pinkert finds that price competitive, nonsubject imports, particularly imports from Mexico, were a significant factor in the U.S. market for steel wheels during the period under examination. He notes, however, that prices for nonsubject imports were higher than prices for subject imports from China in 95 percent of the available comparisons, which included comparisons between imports from Mexico and the subject imports. CR/PR at Figures D-1, D-2, D-3, and D-5. Thus, for purposes of the analysis required under Bratsk and Mittal, he finds that there is record evidence to suggest that, had the subject imports exited the U.S. market, any replacement of them by nonsubject imports would not have been without benefit to the domestic industry.

In any final phase investigations, we also intend to revisit the issue of competition between the domestic like product and subject imports in the various sectors and/or channels of distribution in the U.S. steel wheel market.<sup>123</sup>

For the reasons stated above, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that the domestic industry producing certain steel wheels is materially injured by reason of subject imports from China that are allegedly subsidized and allegedly sold in the United States at less than fair value.

**D. Determination by Vice Chairman Williamson and Commissioner Aranoff of a Reasonable Indication of a Threat of Material Injury by Reason of Subject Imports**

**1. Likely Volume of the Subject Imports**<sup>124</sup>

The volume of subject imports decreased from 516,000 units in 2008 to 240,000 units in 2009, and then increased to 509,000 units in 2010, for an overall decline of 1.4 percent.<sup>125</sup> Subject imports' share of apparent U.S. consumption also fluctuated during the period of investigation, falling from 12.6 percent in 2008 to 9.0 percent in 2009, then increasing to 11.7 percent in 2010.<sup>126</sup> While the domestic industry's market share declined \*\*\* between 2008 and 2010, this share was captured \*\*\* by nonsubject imports.<sup>127</sup> We note, however, that, both in absolute terms and relative to domestic consumption and production, subject imports maintained a significant presence in the U.S. market throughout the period of investigation, regardless of fluctuations in demand.<sup>128</sup>

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<sup>123</sup> Moreover, in any final phase investigations, we intend to explore the effects of the following on U.S. steel wheel production operations: competition between steel and aluminum wheels, the Chapter 11 bankruptcy proceedings, and \*\*\* activities.

<sup>124</sup> In its notice initiating a countervailing duty investigation on steel wheels from China, Commerce stated it would investigate 18 alleged subsidy programs. 76 Fed. Reg. 23302 (Apr. 26, 2011). These include three programs alleged to provide preferential loans and interest rates, one income and other direct tax programs, three indirect tax and tariff exemption programs, three grant programs, four concerning preferential tax subsidies for foreign invested enterprises, and four programs concerning government provision of goods and services for less than adequate remuneration. CR at I-6 to I-7, PR at I-4 to I-5; 76 Fed. Reg. 23302 (Apr. 26, 2011). Commerce declined to initiate an investigation on five other programs alleged in the petition, including currency undervaluation. CR at I-6 to I-7, PR at I-5; 76 Fed. Reg. 23302 (Apr. 26, 2011). As required by section 771(7)(F)(i)(I) of the Act, we examined the nature of the subsidies in determining whether imports of the subject merchandise are likely to increase as a result of these subsidies. 19 U.S.C. § 1677(7)(F)(i)(I). Several of the alleged subsidies are intended to benefit exportation and, thereby, to encourage exports. 76 Fed. Reg. 23302 (Apr. 26, 2011).

<sup>125</sup> CR/PR at Table IV-2.

<sup>126</sup> CR/PR at Table C-1.

<sup>127</sup> The domestic industry's market share declined from \*\*\* percent in 2008 to \*\*\* percent in 2009 and \*\*\* percent in 2010; nonsubject imports' market share increased from \*\*\* percent in 2008 to \*\*\* percent in 2009 and \*\*\* percent in 2010. CR/PR at Table C-1.

<sup>128</sup> CR/PR at Table C-1.

Given the limited response by Chinese producers to our questionnaires, as discussed above,<sup>129</sup> our data on the Chinese steel wheels industry are limited, and likely substantially understate the true size of capacity and production in China. However, even the limited questionnaire responses indicate that the Chinese industry is large and growing, and exports a significant share of its production.

Responding Chinese producers' production capacity increased by 46.0 percent over the period of investigation, from 4.6 million units in 2008 to 6.7 million units in 2010.<sup>130</sup> These producers projected very substantial increases in capacity in 2011 and 2012.<sup>131</sup> The record also contains information from several Chinese producers regarding specific plans to expand the industry's already large capacity.<sup>132</sup> Reported production of the subject merchandise increased from 3.0 million units in 2008 to 4.9 million units in 2010; projected production is even higher in 2011 and 2012.<sup>133</sup> The reporting producers have significant unused capacity, with aggregate capacity utilization at 65.2 percent in 2008, 57.8 percent in 2009, and 72.9 percent in 2010.<sup>134</sup> In 2010, the reporting producers had excess capacity of almost 2.0 million units, equivalent to 49.3 percent of apparent U.S. consumption in that year.<sup>135</sup>

The Chinese steel wheel industry is significantly export-oriented, with exports accounting for roughly \*\*\* of total shipments. Exports accounted for \*\*\* percent of the reporting producers' total shipments in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010.<sup>136</sup> Chinese producers also reported that their exports of steel wheels to the United States increased throughout the period of investigation.<sup>137</sup> Moreover, according to Global Trade Atlas data, China is the world's largest exporter of wheels (including parts and accessories) for motor vehicles.<sup>138</sup> While we recognize that the Global Trade Atlas data cover a broader product range than the subject merchandise, this source is consistent with the questionnaire data regarding the export-oriented nature of the Chinese steel wheel industry.

Respondents argue that, in line with its economic growth, demand in China for steel wheels is increasing and will absorb the Chinese industry's growing capacity.<sup>139</sup> While we acknowledge that an increase in home market demand may occur, we do not find that this would prevent significant exports of subject merchandise to the United States in the imminent future. Chinese economic growth has been strong throughout the POI, and yet the Chinese industry continued to export roughly \*\*\* its shipments of subject merchandise. Moreover, the Chinese industry is growing rapidly, and the record does not indicate that all of the expanded capacity will be absorbed by the home market. Given its large and growing

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<sup>129</sup> In particular, the responding producers account for only an estimated 9.3 percent of total steel wheel production in China. CR at VII-2, PR at VII-1.

<sup>130</sup> CR/PR at Table VII-3.

<sup>131</sup> Projected capacity is 7.3 million units for 2011 and 12.0 million units for 2012. CR/PR at Table VII-3.

<sup>132</sup> CR/PR at Table VII-2; CR at VII-3 to VII-4, PR at VII-2.

<sup>133</sup> CR/PR at Table VII-3. Projected production is 6.1 million units for 2011 and 9.9 million units for 2012. CR/PR at Table VII-3.

<sup>134</sup> CR/PR at Table VII-3. Projected capacity utilization is 83.6 percent for 2011 and 80.9 percent for 2011. CR/PR at Table VII-3.

<sup>135</sup> CR/PR at Tables VII-3 & C-1.

<sup>136</sup> CR/PR at Table VII-3. The projected export share is \*\*\* percent for 2011 and \*\*\* percent for 2012.

<sup>137</sup> Reported exports to the United States were \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010; projected exports to the United States are \*\*\* units for 2011 and \*\*\* units for 2012. CR/PR at Table VII-3.

<sup>138</sup> CR/PR at Figure VII-1; CR at VII-14, PR at VII-8.

<sup>139</sup> CCCME Postconf. Br. at 46; AWS Postconf. Br. at 15.

capacity, the Chinese industry would likely be able to satisfy increases in home market demand in China in the imminent future while increasing exports to the U.S. market, as it did during the period of investigation.

There is also some evidence in the record concerning the possibility of product-shifting. \*\*\* of the six responding firms in China reported production of other products (e.g., steel wheels less than 18 inches and more than 24.5 inches nominal diameter) using the same equipment and machinery and employing the same production and related workers as used in the production of the subject steel wheels.<sup>140</sup> Based on the available data, the Chinese producers view the U.S. steel wheel market as attractive and, therefore, have an incentive to shift production from other size steel wheels to the subject merchandise.<sup>141</sup> Chinese producers' inventories would also permit them to increase exports to the United States substantially. Chinese producers' end-of-period inventories were \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010.<sup>142</sup> We also note that steel wheels from China are subject to antidumping duty orders in India and Argentina, increasing Chinese producers' incentive to ship to the United States.<sup>143</sup>

In sum, over the period of investigation, subject imports maintained a significant presence in the U.S. market, and reporting Chinese producers increased their capacity and production and possessed substantial excess capacity, with unused capacity equivalent to 49.3 percent of U.S. apparent consumption in 2010. Reporting Chinese producers were significantly export-oriented and are likely to remain so. There is also evidence of possible product-shifting, substantial inventories, and trade restrictions in third-country markets. Thus, subject producers have not only the ability to increase their exports to the United States but also the incentive to do so, especially since U.S. demand for steel wheels is projected to be strong in the imminent future and, as discussed below, subject imports from China are able to compete aggressively on price in the U.S. market.

For the foregoing reasons, we find, for purposes of the preliminary phase of these investigations, that the volume of subject imports is likely to be significant within the imminent future, both in absolute terms and relative to consumption and production in the United States.

## **2. Likely Price Effects of the Subject Imports**

In assessing the likely price effects of subject imports, we consider pricing developments during the period examined and likely developments in the imminent future in light of key conditions of competition in the U.S. market. As discussed above, while factors such as differences in lead times and product quality may limit substitutability somewhat, the record indicates that subject imports from China and domestic steel wheels are moderately to highly substitutable, and that price is an important factor in purchasing decisions.<sup>144</sup>

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<sup>140</sup> CR at VII-3, PR at VII-2.

<sup>141</sup> CR/PR at Table VII-3.

<sup>142</sup> Chinese producers projected inventories to be \*\*\* units in 2011 and \*\*\* units in 2012. CR/PR at Table VII-3.

<sup>143</sup> In March 2007, the Government of India made final determinations and imposed antidumping duties on commercial steel wheels from China in sizes from 16 to 20 inches in nominal diameter. In November 2009, Argentina announced a preliminary antidumping ruling concerning imports of Chinese steel wheels and rims. Final determinations concerning imports of Chinese steel wheels and rims into Argentina are pending. CR at VII-11, PR at VII-6 to VII-7.

<sup>144</sup> CR at II-15 & II-18 to II-19, PR at II-10 to II-11 & II-13.



The Commission collected quarterly pricing data for six pricing products.<sup>145</sup> Two U.S. producers and 18 importers of steel wheels from China and/or nonsubject countries provided useable pricing data for the Commission's six pricing products.<sup>146</sup> Pricing data reported by these firms accounted for approximately 68.7 percent of reported U.S. producers' commercial shipments of steel wheels and 64.5 percent of reported U.S. shipments of subject imports from China during the period of investigation.<sup>147</sup>

Subject imports undersold the domestic like product in 44 out of 48 quarterly pricing comparisons, by an average margin of 24.2 percent.<sup>148</sup> There is no indication on the record that this pricing behavior is likely to change in the imminent future; to the contrary, underselling by subject imports became more prevalent toward the end of the period of investigation.<sup>149</sup> It is unclear whether there was price depression over the period of investigation, as the prices of the domestic products generally remained flat, and there were sharp changes in apparent consumption. However, there is some evidence of price suppression, with the domestic industry experiencing a cost-price squeeze reflected in an overall increase in its cost-of-goods sold ("COGS") to net sales ratio.<sup>150</sup>

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<sup>145</sup> CR at V-5, PR at V-4. The products for which pricing data were collected are as follows:

Product 1.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 65 to 75 pounds, sold to firms other than OEMs.

Product 2.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to firms other than OEMs.

Product 3.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 86 pounds or more, sold to firms other than OEMs.

Product 4.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 65 to 75 pounds, sold to OEMs.

Product 5.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to OEMs.

Product 6.—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 86 pounds or more, sold to OEMs.

<sup>146</sup> CR at V-5, PR at V-4.

<sup>147</sup> CR at V-5 to V-6, PR at V-4.

<sup>148</sup> CR/PR at Table V-8. Subject imports undersold in all 18 comparisons for sales to OEMs.

<sup>149</sup> Subject imports undersold the domestic like product in 10 of 13 quarterly price comparisons in 2008, in 15 of 16 quarterly price comparisons in 2009, and in all 19 quarterly price comparisons in 2010. CR/PR at Tables V-1 to V-6.

<sup>150</sup> The COGS to net sales ratio increased from \*\*\* percent in 2008 to \*\*\* percent in 2009, then dropped to \*\*\* percent in 2010, for an overall increase of \*\*\* percentage points. CR/PR at Table C-1.

Moreover, \*\*\* lost sales allegations by U.S. producers of steel wheels were confirmed, totaling \$\*\*\*.<sup>151</sup> Four of the five purchasers who responded to the allegations stated that they shifted purchases from U.S. product to subject imports due to price.<sup>152</sup>

We find that underselling by subject imports is likely to continue to be significant in the imminent future due to the increasing and pervasive underselling by subject imports during the period of investigation and the confirmed lost sales allegations and purchasers' reporting switching to subject imports based on price. Moreover, given the importance of price in purchasing decisions, the likely increase in subject import volume that we found above is likely to occur through aggressive price competition. We also find that the likely volume of low-priced imports is likely to exacerbate the price suppression we found signs of during the period of investigation. Accordingly, we find adverse price effects to be likely in the imminent future.

In any final phase investigations, we intend to collect more specific pricing data for the various channels and segments of the U.S. steel wheel market. We also intend to examine to what extent, if any, the domestic industry is insulated from price competition with subject imports by long-term contracts.

### **3. Likely Impact of the Subject Imports**

Between 2008 and 2010, apparent U.S. consumption of steel wheels fluctuated, declining from 2008 to 2009 during the recession, but then increasing from 2009 to 2010 to end at a level 6.8 percent higher than in 2008.<sup>153</sup> Many indicators of the domestic steel wheel industry's performance – such as production, shipments, and employment – fluctuated in the same manner. However, most of the domestic industry's indicators remained weak, in most cases worse than in 2008, despite the 51.9 percent increase in apparent consumption in 2010.<sup>154</sup> In particular, the domestic industry's financial performance in 2010 was well below its level at the beginning of the period of investigation.<sup>155</sup> We find the domestic industry to be in a vulnerable condition, given that the domestic industry's condition deteriorated substantially between 2008 and 2010, and that most of its performance indicators – including capacity utilization, number of production workers, and operating income – were much lower at the end of the period of investigation than at the beginning of the period of investigation even as demand rose substantially.

For purposes of these preliminary phase investigations, we find that there likely will be a causal nexus between the subject imports and an imminent adverse impact on the domestic industry. This conclusion is based on the declines in the industry's trade and employment data discussed above, our finding that the volume of subject imports is likely to be significant in an imminent time frame, and our conclusion that underselling by subject imports will likely continue and will likely have significant adverse effects on domestic prices. Significant volumes of subject imports at low prices are likely to

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<sup>151</sup> CR at V-22, PR at V-10.

<sup>152</sup> CR/PR at Table V-10.

<sup>153</sup> CR/PR at Table C-1.

<sup>154</sup> For example, production capacity was \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. Production was \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. Capacity utilization was \*\*\* percent in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. Domestic shipments were \*\*\* units in 2008, \*\*\* units in 2009, and \*\*\* units in 2010. Production related workers totaled \*\*\* in 2008, \*\*\* in 2009, and \*\*\* in 2010. Hours worked totaled \*\*\* in 2008, \*\*\* in 2009, and \*\*\* in 2010. Wages paid were \$\*\*\* in 2008, \$\*\*\* in 2009, and \$\*\*\* in 2010.

<sup>155</sup> The domestic industry's operating \*\*\* was \*\*\* in 2008, \*\*\* in 2009, and \*\*\* in 2010. The domestic industry's ratio of operating income to net sales was \*\*\* percent in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. CR/PR at Table C-1. \*\*\*.

negatively affect the industry's sales volumes and prices, thereby reducing the industry's levels of production, employment, and profitability.

Based on the current record, subject imports are more concentrated in the aftermarket, in contrast to domestic product and nonsubject imports, which are concentrated in the OEM channel.<sup>156</sup> There were also allegations that there are portions of the market, such as wheels for off-road use, that are not served by domestic producers.<sup>157</sup> However, the record in these preliminary phase investigations indicates substantial competition over the period of investigation between the domestic like product and subject imports. In any final phase investigations, we will seek to gather more detailed data on the various market segments and channels of distribution and consider the extent to which competition is attenuated, as well as whether prices in one channel affect prices in others.

We have considered other factors in the market that might have an imminent impact on the domestic industry. We recognize that nonsubject imports were a significant factor in the U.S. market during the period examined. As discussed earlier, the domestic industry primarily lost market share to nonsubject imports, whereas subject imports maintained a significant, but relatively flat, presence in the market.<sup>158</sup> However, prices for nonsubject imports were higher than those of subject imports in the overwhelming number of instances in the period for which data were collected.<sup>159</sup> Nonsubject imports also oversold the domestic like product in 74 of 125 comparisons.<sup>160</sup> Moreover, more than \*\*\* of the reported nonsubject imports were imported by the domestic producers, including a substantial volume of nonsubject imports from Mexico imported by Accuride from its subsidiary in that nonsubject country.<sup>161</sup> In any final phase of these investigations, we will further examine the role of nonsubject imports in the U.S. market, and the effect of Accuride's increased nonsubject imports on the market and on its domestic operations.

We also considered the effects of demand trends. The record indicates that demand for steel wheels is likely to be strong in the imminent future.<sup>162</sup> However, even when U.S. demand for steel wheels rose sharply in 2010, the domestic industry's performance was lackluster and remained \*\*\* below its level earlier in the period of investigations.<sup>163</sup> Accordingly, it does not appear likely that anticipated strong demand for steel wheels will insulate the domestic industry from threat of material injury in the imminent future. However, we intend to examine the effect of demand trends on the industry in any final phase investigations.

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<sup>156</sup> In 2010, \*\*\* percent of the domestic industry's shipments and \*\*\* percent of shipments of nonsubject imports were to OEMs; \*\*\* percent of shipments of subject imports were to OEMs. The comparable figures for 2008 were \*\*\* percent (domestic industry), \*\*\* percent (nonsubject imports), and \*\*\* percent (subject imports). CR/PR at Table II-1.

<sup>157</sup> CCCME Postconf. Br. at 5-6.

<sup>158</sup> CR/PR at Table C-1.

<sup>159</sup> Subject import prices were lower than nonsubject import pricing in 157 of 165 quarterly comparisons. CR/PR at D-3.

<sup>160</sup> CR/PR at D-3.

<sup>161</sup> CR/PR at Tables III-1, III-6 & IV-2. Accuride claims that its nonsubject imports from Mexico were sold in the U.S. market at the same price as its domestically-produced steel wheels. See e.g., Conf. Tr. at 34 (Schagrin) & 57 (Schomer).

<sup>162</sup> CR at II-12 to II-13; PR at II-10.

<sup>163</sup> CR/PR at Table C-1.

We also intend to explore several other issues in any final phase investigations. First, we will examine the effect of competition from aluminum wheels, and the extent to which it may be affecting demand and prices for the domestic like product.<sup>164</sup> Second, we will examine to what extent the domestic industry is protected from subject import competition for lightweight wheels, and whether Chinese producers are likely to produce and export lightweight wheels in the imminent future. In addition, we intend to examine the effects on the market, if any, of the Chapter 11 bankruptcy proceedings for both domestic producers, as well as whether the proceedings made the producers less vulnerable to injury by subject imports.

Due to a lack of reliable information in these investigations on the specific issues discussed above, we cannot conclude that the record as a whole contains clear and convincing evidence that there is no threat of material injury and no likelihood exists that contrary evidence will arise in any final phase investigations. See American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986). For the reasons stated above, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that the domestic industry producing certain steel wheels is threatened with material injury by reason of subject imports from China that are allegedly sold in the United States at less than fair value and allegedly subsidized by the Government of China.

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<sup>164</sup> See e.g., CCCME Postconf. Br. at 12.

**DISSENTING VIEWS OF CHAIRMAN DEANNA TANNER OKUN  
AND COMMISSIONER DANIEL R. PEARSON**

Based on the record in the preliminary phase of these investigations, we find that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of steel wheels from China that are allegedly subsidized by the Government of China and allegedly sold in the United States at less than fair value (“LTFV”).<sup>1</sup>

We join the Commission’s Views with respect to background, domestic like product, domestic industry, and legal standards. We write separately, however, with respect to our analysis of conditions of competition and reasonable indication of material injury and threat of material injury by reason of the subject imports. For the reasons discussed below, we find that there is no reasonable indication that an industry in the United States producing steel wheels is materially injured or threatened with material injury by reason of subject imports from China.

**I. NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA**

**A. Conditions of Competition**

The following conditions of competition inform our analysis in the preliminary phase of these investigations:

**1. Demand Conditions**

Steel wheels are used on medium and heavy trucks, typically classified in classes 5 through 8, as well as for buses, military vehicles, mobile construction equipment, frac trailers (a stationary water tank used in oil fields), and other large off-the-road vehicles.<sup>2</sup> The U.S. market for steel wheels is highly segmented. Generally, the market is made up of original equipment manufacturers (OEM) and non-OEM purchasers.<sup>3</sup> U.S. demand for steel wheels by OEMs is driven by the production of new commercial trucks and/or trailers.<sup>4</sup> Based upon the record in the preliminary phase of these investigations, it appears that such demand for steel wheels reflects the requirements and consumption patterns of small and large truck and trailer OEMs.<sup>5</sup> The OEMs include several large truck manufacturers (such as Freightliner, Kenworth, and Peterbilt) and trailer manufacturers (such as Great Dane, Utility Trailer, and Wabash).<sup>6</sup> Also within the OEM network are dealerships which service the trucks that they sell.<sup>7</sup> Meanwhile, demand in the non-OEM or aftermarket sector is driven by demand for steel wheels in repairs to trucks

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<sup>1</sup> Material retardation is not an issue in these investigations. 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Chem. Corp. v. United States, 20 CIT 353, 354-55 (1996).

<sup>2</sup> CR at II-8; PR at II-5-6.

<sup>3</sup> CR at II-1; PR at II-1.

<sup>4</sup> CR at IV-8-9; PR at IV-5.

<sup>5</sup> See e.g., CR at I-18; PR at I-12; Conf. Tr. at 107 (Cunningham).

<sup>6</sup> CR at II-1; PR at II-1.

<sup>7</sup> CR at II-1; PR at II-1. It is unclear whether these dealerships are part of the OEM market sector or part of the “aftermarket.” See CR at II-1 n.3; PR at II-1 n.3.

and/or trailers.<sup>8</sup> Non-OEM purchasers include warehouse distributors and independent truck parts companies.<sup>9</sup>

The domestic industry has focused its efforts on serving the OEM market sector; the portion of its shipments that went to OEMs remained relatively constant over the period examined, fluctuating between \*\*\* percent and \*\*\* percent.<sup>10</sup> In contrast, the portion of subject imports that were sold to OEMs declined from 56.1 percent in 2008 to 31.2 percent in 2009 to 30.0 percent in 2010.<sup>11</sup>

Apparent U.S. consumption of steel wheels decreased from 3.47 million wheels in 2008 to 2.44 million wheels in 2009 (a decrease of 29.7 percent), but then increased to 3.70 million wheels in 2010 (an increase of 51.9 percent).<sup>12</sup> Apparent U.S. consumption was 6.7 percent higher in 2010 than in 2008.<sup>13</sup> This trend in consumption was reflected in the views of producers and importers, who reported that demand had fallen in 2008 and 2009 but increased in 2010 and 2011.<sup>14</sup>

Both U.S. producers and most importers of subject merchandise indicated that demand for steel wheels generally follows the U.S. economic cycle.<sup>15</sup> The domestic industry noted that demand lags general economic conditions by about six to nine months, with economic activity driving the need to move freight, which in turn increases demand for trucks and trailers.<sup>16</sup> Producers and importers also indicated that demand was affected by fuel economy standards, the general trend toward increasing use of aluminum wheels, the cost of raw materials, and increased demand for gas/oilfield equipment.<sup>17</sup> Accuride submitted historical and predictive data indicating that production of class 5-8 trucks decreased from 2006 to 2009, has been increasing since 2009, and will continue to increase into 2013 or 2014.<sup>18</sup>

## 2. Supply Conditions

There are three sources of supply in the U.S. market: domestic shipments, imports of subject merchandise from China, and imports from nonsubject countries. The petition identified three U.S. producers of steel wheels: Accuride, Hayes Lemmerz, and Titan Wheel.<sup>19</sup> Accuride and Hayes Lemmerz each accounted for significant shares of U.S. production (\*\*\* percent and \*\*\* percent, respectively), while Titan's share was significantly smaller (\*\*\* percent).<sup>20</sup> During the period examined, domestic producers Accuride and Hayes Lemmerz both filed for and emerged from Chapter 11 bankruptcy,

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<sup>8</sup> CR at II-8; PR at II-5.

<sup>9</sup> CR at II-2; PR at II-1.

<sup>10</sup> CR/PR at table II-1.

<sup>11</sup> CR/PR at table II-1.

<sup>12</sup> CR/PR at table IV-4.

<sup>13</sup> See CR/PR at table IV-4.

<sup>14</sup> CR at II-13; PR at II-9.

<sup>15</sup> CR at II-8; PR at II-6.

<sup>16</sup> CR at II-8; PR at II-6.

<sup>17</sup> CR at II-13; PR at II-9.

<sup>18</sup> CR at II-8-9; PR at II-5-6.

<sup>19</sup> Petition at I-2; Exhibit I-1.

<sup>20</sup> CR/PR at table III-1.

although both firms maintained their U.S. steel wheel operations throughout the period examined.<sup>21</sup> Both Accuride and Hayes Lemmerz are related to nonsubject foreign producers of steel wheels; Accuride has subsidiaries with production facilities in Canada and Mexico, and Hayes Lemmerz has interests in production facilities in Brazil, Germany, India, Spain, and Turkey.<sup>22</sup> More than \*\*\* of the reported nonsubject imports were imported by domestic steel wheel producers Accuride and Hayes Lemmerz.<sup>23</sup>

The domestic industry was the largest supplier of steel wheels to the U.S. market throughout the period examined. In terms of quantity, U.S. producers' market share steadily declined, however, from \*\*\* percent in 2008 to \*\*\* percent.<sup>24</sup> Subject imports' market share fluctuated between years but also declined overall (in terms of quantity) from 12.6 percent in 2008 to 11.7 percent in 2010.<sup>25</sup> Conversely, the market share of nonsubject imports increased substantially over the period examined, with increases primarily for nonsubject imports from Mexico; the market share for nonsubject imports from Mexico increased from \*\*\* percent in 2008 to \*\*\* percent in 2009 to \*\*\* percent in 2010.<sup>26</sup>

### 3. Substitutability and Other Conditions

While factors such as differences in lead times and product weight may limit substitutability somewhat, the record indicates a moderate to high level of substitutability between subject imports and the domestic like product.<sup>27</sup> While price is an important sales factor, quality and availability are also important. Chinese respondent CCCME argues that, due to certain weight and fuel-efficiency advantages, aluminum wheels have captured market share from steel wheels during the period examined.<sup>28</sup> Aluminum wheels are allegedly gaining market share in the U.S. market and are projected to continue to do so.<sup>29</sup> U.S. producers and importers both noted that aluminum wheels may be a substitute for steel wheels.<sup>30</sup> While aluminum wheels reportedly cost three times more than steel wheels, they are approximately 25-30 percent lighter than steel wheels that provide equal load ratings.<sup>31</sup> In any final phase of these

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<sup>21</sup> CR/PR at table III-3; Conf Tr. at 72-75 (Schomer and Kato).

<sup>22</sup> CR/PR at table III-1.

<sup>23</sup> CR/PR at tables III-6 & IV-2.

<sup>24</sup> CR/PR at table IV-4.

<sup>25</sup> CR/PR at table IV-4

<sup>26</sup> CR/PR at table IV-4.

<sup>27</sup> CR at II-15-18; PR at II-10-14. \*\*\* responding U.S. producers and a majority of importers reported that the domestic and Chinese products are "always" or "frequently" interchangeable. The majority of producers and importers reported that product from different nonsubject countries was either "always" or "frequently" interchangeable with product from China. U.S. producers also reported that differences other than price were \*\*\* important for any country combination. Responses by importers on this issue were mixed, with importers reporting a number of differences other than price, including lead times, availability, commercial/customer support, name brand recognition, and differences in product range.

<sup>28</sup> See e.g., CCCME Postconf. Br. at 13.

<sup>29</sup> CR at II-14; PR at II-10.

<sup>30</sup> CR at II-13; PR at II-10.

<sup>31</sup> CR at II-14; PR at II-10. This weight difference allegedly lowers fuel expenses, and Respondents argue that this savings over the life of a wheel more than compensates for the initial cost difference between aluminum wheels and steel wheels. Id.

investigations, we intend to examine more closely the effects of competition from aluminum wheels on the domestic steel wheel industry.

As discussed above, the U.S. market is highly segmented, and the domestic product and subject imports are largely concentrated in different market segments. Approximately \*\*\* percent of the domestic product in each year of the period examined was sold to OEMs.<sup>32</sup> On the other hand, the percentage of subject imports sold to OEMs declined over the period examined, from \*\*\* percent in 2008 to \*\*\* percent in 2010.<sup>33</sup> As a corollary, the percentage of subject imports sold to non-OEM purchasers (the sector with more limited sales of domestic product) rose from \*\*\* percent in 2008 to \*\*\* percent in 2010.<sup>34</sup> Respondents allege that the large OEMs rely exclusively on the domestic product and non-subject imports, and do not purchase subject imports.<sup>35</sup> Finally, the record also contains allegations that Petitioners have refused to sell domestic product to certain purchasers (e.g., Advanced Wheel Systems).<sup>36</sup> In any final phase of these investigations, we will seek further information on the extent to which certain sectors of the U.S. market may be effectively closed to subject imports and to which certain purchasers have had difficulty obtaining supply from domestic producers.

## **B. Volume of Subject Imports**

In evaluating the volume of subject imports, section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”<sup>37</sup>

Subject import volume declined from 516,000 wheels in 2008 to 240,000 wheels in 2009, and then increased to 509,000 wheels in 2010, for an overall decline of 1.4 percent.<sup>38</sup> Apparent U.S. consumption of steel wheels followed a similar trend; it decreased from 3.47 million wheels in 2008 to 2.44 million wheels in 2009, but then increased to 3.70 million wheels in 2010. Thus, while apparent U.S. consumption increased overall by 6.8 percent from 2008 to 2010, subject imports in 2010 remained below 2008 levels.

The domestic industry’s market share steadily declined over the period examined, decreasing from \*\*\* percent in 2008 to \*\*\* percent in 2009 to \*\*\* percent in 2010.<sup>39</sup> Subject imports’ market share also declined from 12.6 percent in 2008 to 9.0 percent in 2009 (as demand plummeted) before increasing to 11.7 percent in 2010, still below the 2008 level. The market share of nonsubject imports steadily increased from \*\*\* percent in 2008 to \*\*\* percent in 2010. In particular, the market share of nonsubject imports from Mexico increased from \*\*\* percent in 2008 to \*\*\* percent in 2009 to \*\*\* percent in 2010.

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<sup>32</sup> CR/PR at table II-1.

<sup>33</sup> CR/PR at table II-1.

<sup>34</sup> CR/PR at table II-1. Non-subject imports, like the domestic product, were heavily concentrated in the OEM market; approximately \*\*\* percent of non-subject imports in each year of the period examined were sold to OEMs, with the remaining approximately \*\*\* percent in each year being sold to non-OEMs. Id.

<sup>35</sup> CR at II-2; PR at II-2; Conf. Tr. at 135.

<sup>36</sup> Conf. Tr. at 122-24.

<sup>37</sup> 19 U.S.C. § 1677(7)(C)(i).

<sup>38</sup> CR/PR at table IV-2.

<sup>39</sup> CR/PR at table IV-4.



While U.S. producers' market share fell \*\*\* percentage points over the period examined, this decline was a result of increases in nonsubject imports, primarily imports from Mexico, and not due to subject imports. Subject imports also lost market share but, unlike the domestic industry, saw some improvement from 2009 to 2010. Nonsubject imports, and particularly imports from Mexico gained \*\*\* percentage points of U.S. market share, largely at the expense of the domestic industry.<sup>40</sup> Therefore, while the volume and market share of subject imports may be significant, subject imports have not increased over the period examined. Thus, we do not find any increases in the volume and market share of subject imports to be significant.

### C. Price Effects of the Subject Imports

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

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

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

The Commission collected quarterly pricing data on 22.5-inch diameter steel wheels in three weight ranges which were sold to OEMs or firms other than OEMs, for a total of six pricing products.<sup>42</sup> Pricing data were reported by Accuride, Hayes Lemmerz, and 17 importers of steel wheels.<sup>43</sup> These data show evidence of some underselling. For example, for product 2 (medium-weight wheels sold to non-OEM purchasers, and the product with the highest volume of subject imports), underselling occurred in 9 of 12 quarterly price comparisons, ranging from 4.6 to 13.2 percent.<sup>44</sup> Underselling also occurred for four additional pricing products.<sup>45</sup>

For several pricing products, the prices of the domestic product were relatively constant throughout the period examined. In particular, for product 2 (medium-weight wheels sold to non-OEM purchasers), prices remained essentially stable between 2009 and 2010, despite consistent underselling by subject imports.<sup>46</sup> For product 5 (medium-weight wheels sold to OEMs), prices of U.S. products actually

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<sup>40</sup> We note that a significant part of the increase in non-subject imports from Mexico was caused by \*\*\*, \*\*\*, CR at IV-1 n.3, PR at IV-1 n.3.

<sup>41</sup> 19 U.S.C. § 1677(7)(C)(ii).

<sup>42</sup> See CR at V-5; PR at V-4.

<sup>43</sup> CR at V-5; PR at V-4. Pricing data accounted for approximately 68.7 percent of reported U.S. producers' commercial shipments of steel wheels during the period examined, and 64.6 percent of reported U.S. shipments of subject imports of steel wheels from China.

<sup>44</sup> CR/PR at table V-8.

<sup>45</sup> CR/PR at figures V-2, 4, 6, 7.

<sup>46</sup> For this product, during 2009 and 2010, prices ranged between \$\*\*\* and \$\*\*\* per unit, and showed no particular trend. CR/PR at table V-2.

increased in 2010 over fourth quarter 2009 levels.<sup>47 48</sup> \*\*\* of Petitioners' sales occur under contracts running for one to three years, which may tend to limit the ability of U.S. producers to raise prices quickly when raw material costs rise and may explain the relatively flat price levels.<sup>49</sup>

The domestic industry's ratio of cost of goods sold (COGS) to net sales increased irregularly from \*\*\* percent in 2008 to \*\*\* percent in 2010, in part because of increases in raw material costs over the period examined.<sup>50</sup> With the declines in the domestic industry's production over the period examined,<sup>51</sup> this increase in COGS to net sales is a result of producers having to spread fixed costs across smaller volumes of sales, as evidenced by increases in other factory costs and selling, general, and administrative expenses.<sup>52</sup> Because subject import volumes were small and not increasing in market share, we do not believe the presence of subject imports prevented the domestic industry from raising its prices. Indeed, between 2008 and 2009, when subject imports were declining, the industry's ratio of COGS to net sales rose, and between 2009 and 2010, when subject imports were increasing, the industry's ratio of COGS to net sales declined.<sup>53</sup> Therefore, we do not find any evidence of significant price suppression by subject imports.

We note that there were some confirmed and partially confirmed lost sale allegations.<sup>54</sup> Nonetheless, while these allegations were spread across the period examined, they do not appear to have intensified through the period.<sup>55</sup> More important, despite a pattern of predominant underselling and the existence of some confirmed lost sale allegations, subject imports did not gain significant market share over the period examined; rather, subject imports' market share declined irregularly.<sup>56</sup>

For all of these reasons, we do not find that subject imports had significant adverse effects on prices for the domestic like product.

#### **D. Impact of the Subject Imports**

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."<sup>57</sup> These factors include output, sales, inventories, ability to raise capital, research and

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<sup>47</sup> For this product, prices increased irregularly from \$\*\*\* per unit in fourth quarter 2009 to \$\*\*\* in third quarter 2010, before declining slightly to \$\*\*\* in fourth quarter 2010. CR/PR at table V-5.

<sup>48</sup> We note that the pricing of non-subject imports was also fairly consistent throughout the period examined. While for some pricing products, non-subject imports undersold the domestic like product, for other pricing products, such imports oversold the domestic like product (either in some quarters or throughout the period examined). Compare CR/PR at Figures D-1, D-4 with CR/PR at Figures D-2, D-5.

<sup>49</sup> CR at V-3; PR at V-2.

<sup>50</sup> See CR/PR at table VI-1.

<sup>51</sup> The domestic industry produced \*\*\* wheels in 2008, \*\*\* wheels in 2009, and \*\*\* wheels in 2010. CR/PR at table C-1.

<sup>52</sup> See CR/PR at table VI-1.

<sup>53</sup> CR/PR at table C-1.

<sup>54</sup> CR/PR at table V-9.

<sup>55</sup> CR/PR at table V-9.

<sup>56</sup> CR/PR at table IV-4.

<sup>57</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, 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 also may demonstrate that an industry is facing (continued...)

development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>58</sup>

The domestic industry’s production, capacity utilization, shipments, sales, and COGS all decreased irregularly from 2008 to 2010.<sup>59</sup> While the domestic industry operated at a \*\*\* percent operating \*\*\* margin in 2008, that margin declined to \*\*\* operating margin of \*\*\* percent in 2009 before returning to a \*\*\* percent operating \*\*\* margin in 2010.<sup>60</sup>

We recognize that the domestic industry’s performance indicators and profitability have declined over the period examined, however, we do not find a sufficient causal link between subject imports and the current condition of the domestic industry. Given the lack of significant increases in subject import volumes and significant adverse price effects, we cannot conclude that their presence in the U.S. market has caused the declines in the domestic industry’s condition. We note that, while the domestic industry lost market share over the period examined, this loss was due to increases in nonsubject imports and not subject imports, which also lost market share.

We have considered other factors, such as demand and nonsubject imports, so as not to attribute injury from those factors to subject imports. We recognize that the significant decline in apparent U.S. consumption from 2008 to 2009 had a role in the domestic industry’s deteriorating performance. As apparent U.S. consumption, however, improved in 2010, the domestic industry returned to profitability. We note, however, that non-subject imports from Mexico increased substantially over the period examined, from \*\*\* wheels in 2008 to \*\*\* wheels in 2009, and again to \*\*\* in 2010.<sup>61</sup> In light of the trend in apparent U.S. consumption described above, this increase resulted in significant gains in U.S. market share for non-subject imports, at the direct expense of the domestic industry.

For the above reasons, we do not find that there is a reasonable indication that subject imports are having an adverse impact on the domestic industry. We find that the record as a whole contains clear and convincing evidence that there is no reasonable indication of material injury by reason of subject imports of steel wheels and no likelihood exists that contrary evidence will arise in a final investigation.

## **II. NO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA**

Section 771(F) of the Act directs the Commission to determine whether there is a reasonable indication that an industry in the United States is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”<sup>62</sup> The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole.”<sup>63</sup> In making our determination, we have

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<sup>57</sup> (...continued)  
difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”).

<sup>58</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Publication 3155 at 25 n.148 (Feb. 1999).

<sup>59</sup> CR/PR at table C-1.

<sup>60</sup> CR/PR at table C-1.

<sup>61</sup> CR/PR at table IV-2.

<sup>62</sup> 19 U.S.C. § 1677(7)(F)(ii).

<sup>63</sup> 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence

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considered all factors that are relevant to these investigations.<sup>64</sup> Based on an evaluation of the relevant statutory factors, we find that there is no reasonable indication that an industry in the United States is threatened with material injury by reason of subject imports of certain steel wheels from China that are allegedly sold in the United States at less than fair value and allegedly subsidized by the Government of China.

The Commission received questionnaire responses from six Chinese foreign producers/exporters; accounting for at least two-thirds of 2010 exports to the United States, and from 18 U.S. importers accounting for an estimated two-thirds or more of U.S. imports of the subject merchandise during the period examined.<sup>65</sup> \*\*\* was the \*\*\* Chinese producer of steel wheels that submitted a questionnaire

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<sup>63</sup> (...continued)

tending to show an intention to increase the levels of importation.” Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990) (citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992) citing H.R. Rep. No. 98-1156 at 174 (1984).

<sup>64</sup> These factors are as follows:

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

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

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

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

(V) inventories of the subject merchandise,

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

\* \* \*

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

19 U.S.C. § 1677(7)(F)(I). Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. No argument was made that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

<sup>65</sup> CR at I-5, PR at I-3; CR at VII-1-2, PR at VII-1. The six responding Chinese foreign producers/exporters of certain steel wheels are Dongfeng Automotive, Shandong Jining, Shandong Shengtai, Shandong Xingmin, Xiamen Sunrise, and Zhejiang Jingu. CR/PR at VII-1.

response and \*\*\* accounted for the largest share of exports to the United States among the reporting firms.<sup>66</sup>

As an initial matter, for purposes of the preliminary phase of these investigations, we do not find that the domestic industry producing steel wheels is currently vulnerable. The operating performance of the domestic industry, which is strongly linked to demand for trucks and trailers, mirrored trends in the overall economy during the period examined. The 2008-09 economic downturn appears to have coincided with the trough of the normal seven- or eight-year business cycle for truck production.<sup>67</sup> It was only in the context of the recessionary climate of late 2008 and 2009, periods that were characterized by rapidly declining demand for steel wheels, that the U.S. industry's performance declined. In contrast, between 2009 and 2010, as the overall economy improved, the steel wheels industry experienced healthy increases in production, shipments, net sales, and profitability.<sup>68</sup> Indeed, industry observers all predict that truck production will continue to increase, in line with the normal business cycle, through at least 2013 or 2014.<sup>69</sup> In particular, in the near future, petitioner Accuride has stated publicly that 2011 class 8 truck production is expected to range between 220,000 and 235,000 units, which is double its 2010 level.<sup>70</sup> Trailer orders are expected to increase as well, with production estimated to total 178,156 trailers in 2011, 250,000 in 2012, and 280,000 in 2013.<sup>71</sup> Given this forecast for rapidly improving demand in the U.S. market, there should be opportunities for domestic steel wheel producers to continue the upward trend in production and shipments already seen in 2010.

According to the *Global Trade Atlas*, China was the leading global exporter of motor vehicle wheels (a category that includes subject steel wheels) during the period examined, accounting for approximately 25 percent of global exports in 2010.<sup>72</sup> Reporting producers of subject merchandise in China have some unused capacity and in 2010 exported approximately \*\*\* of their shipments, although only a little more than \*\*\* of their shipments were exported to the U.S. market.<sup>73</sup> Although reporting producers expect capacity to increase through 2012, they also project operating at significantly higher capacity utilization levels and exporting smaller shares of their shipments to the U.S. market in 2011 and 2012 than during the period examined.<sup>74</sup> On balance, it appears that Chinese producers have significant production capacity and appear to be at least moderately export-oriented.<sup>75</sup>

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<sup>66</sup> CR/PR at table IV-1.

<sup>67</sup> CR/PR at figures II-2 and II-3.

<sup>68</sup> CR/PR at table C-1. Production rose from \*\*\* units in 2009 to \*\*\* units in 2010, or by \*\*\* percent. The volume of U.S. shipments increased from \*\*\* units in 2009 to \*\*\* units in 2010, or by \*\*\* percent. The value of net sales rose from \$\*\*\* in 2009 to \$\*\*\* in 2010, or by \*\*\* percent. The industry's operating \*\*\* margin in 2010 was \*\*\* percent, compared with \*\*\* operating margin of \*\*\* percent in 2009.

<sup>69</sup> CR at II-9; PR at II-6.

<sup>70</sup> CR at II-12, PR at II-9.

<sup>71</sup> CR at II-13; PR at II-9.

<sup>72</sup> CR at VII-14, PR at VII-8.

<sup>73</sup> Among reporting producers, shipments to the U.S. market, as a share of total shipments, increased from \*\*\* percent in 2008 to \*\*\* percent in 2009, and again to \*\*\* percent in 2010. CR/PR at table VII-3. Shipments to all export markets, as a share of total shipments, declined from \*\*\* percent in 2008 to \*\*\* percent in 2009, before increasing slightly to \*\*\* percent in 2010.

<sup>74</sup> CR/PR at table VII-3 (projecting 83.6 percent capacity utilization for steel wheels in 2011 and 80.9 percent in 2012).

<sup>75</sup> Although export-oriented, reporting Chinese producers indicated that most of their exports of steel wheels are to markets other than the United States. Over the period examined, exports to the United States ranged from \*\*\*

(continued...)

Further, we note that in March 2007, as a result of an investigation of commercial steel wheels from China in sizes from 16 to 20 inches in diameter that was filed by petitioner Hayes Lemmerz's Indian affiliate, the Government of India imposed antidumping duties on imports of steel wheels from China. Argentina has also proposed antidumping duties on steel wheels and rims imported from China.<sup>76</sup> We note also that \*\*\* of the six responding Chinese producers that make the sizes of steel wheels subject to these investigations also make steel wheels in other sizes on the same production lines, and using the same production and related workers, as the subject steel wheels.<sup>77</sup> Thus, there is some potential for product shifting in the Chinese industry.

Nevertheless, even in light of the considerable size of the Chinese industry, its apparent moderate export orientation, the reported existence of excess capacity at the close of the period examined, the presence of barriers to its steel wheel exports in third-country markets, and the potential in the industry for product shifting, we find that there is no reasonable indication that an industry in the United States is threatened with material injury by reason of the subject imports.

First, the record in these investigations does not indicate a significant rate of increase in either volume and/or market penetration by subject imports into the United States that would indicate the likelihood of substantially increased imports in the imminent future. As discussed above, the volume of subject imports did not increase significantly during the period examined. Rather, trends in subject import volume mirrored the performance of the downstream end user industries (trucks and trailers) and, more broadly, the overall U.S. economy. Nor, for the most part, did subject imports increase their market share at the expense of the U.S. industry during the period examined. The only period in which subject import market share increased while domestic industry market share declined was between 2009 and 2010, yet during this period, nonsubject imports' market share (particularly that of imports from Mexico) increased at a far greater pace than did the market share of subject imports.<sup>78 79</sup>

We are mindful of the fact that considerable excess capacity existed in China by the end of the period examined (2010), and that reporting producers expect capacity to increase in 2011.<sup>80</sup> It does not necessarily follow, however, that such increases in capacity will result in substantially increased imports into the U.S. market. Excess capacity was endemic in the Chinese industry throughout the period examined, yet imports to the United States did not increase substantially. In fact, such imports declined by more than half between 2008 and 2009, and although they increased in 2010, did not reach their 2008

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<sup>75</sup> (...continued)

units in 2008 to \*\*\* units in 2010, whereas exports to all other export markets ranged from \*\*\* units in 2008 to \*\*\* units in 2010. CR/PR at table VII-3.

<sup>76</sup> CR at VII-11-12, PR at VII-6-7.

<sup>77</sup> CR at VII-3; PR at VII-2.

<sup>78</sup> Subject imports' market share increased 2.6 percentage points from 9.0 percent in 2009 to 11.7 percent in 2010. In contrast, nonsubject imports' market share increased from \*\*\* percent in 2009 to \*\*\* percent in 2010, or by \*\*\* percentage points. Notably, the market share of imports from Mexico increased from \*\*\* percent in 2009 to \*\*\* percent in 2010, or by \*\*\* percentage points. CR/PR at table C-1.

<sup>79</sup> In addition, trends in end-of-period inventories of subject imports held in the United States by U.S. importers were identical to those of subject imports, with such inventories first declining, from 54,000 units in 2008 to 41,000 units in 2009, then increasing to 64,000 units in 2010. As a ratio to preceding-period U.S. shipments of imports, such inventories did not show an increase toward the end of the period examined, declining from 18.8 percent in 2009 to 14.8 percent in 2010. CR/PR at table VII-5.

<sup>80</sup> Excess capacity of the six responding Chinese producers in 2010 was approximately 1.83 million wheels. These firms project their capacity to increase from 6.7 million wheels in 2010 to 7.3 million wheels in 2011. CR/PR at table VII-3.

level in that year.<sup>81</sup> Moreover, the increase in subject import volume over the three-year period was outpaced by increases in nonsubject imports.<sup>82</sup> Thus, a continuation into the imminent future of the trends observed in 2010 does not predict a substantial increase in either the volume of subject imports or their market share.

Additional factors militating against the likelihood of a substantial surge of imports into the U.S. market are the sharply rising demand for steel wheels in the Chinese market and the fact that, during the period examined, subject imports were increasingly sold into a market sector that was not extensively served by the domestic industry. With regard to demand for steel wheels in China, the record indicates that this increased demand is due to: (1) a robust demand for commercial vehicles in general, and (2) the accelerating conversion from tube-type wheels to tubeless steel wheels (which increases the demand for replacement wheels).<sup>83</sup> Responding Chinese producers project home market shipments of steel wheels to \*\*\* between 2010 and 2012, at the expense of shipments to the U.S. market, which are expected to increase, \*\*\* rate.<sup>84</sup> With regard to the potential for subject imports imminently to extend their reach into the U.S. market, we note that during the period examined, subject imports increased their concentration on sales to non-OEM purchasers (*i.e.*, the “aftermarket”) at the expense of sales to OEMs, which is the sector of the market consistently dominated by U.S. producers.<sup>85</sup> Given that subject imports appear to be retreating from the OEM sector of the market, we find the evidence does not suggest that subject imports likely would rapidly increase their share of the U.S. market in the imminent future.<sup>86</sup>

Second, U.S. prices of products where significant subject import competition was present either showed no movement over the period examined or increased between 2009 and 2010, the only period in which subject import volume increased. In particular, for product 2 (medium-weight wheels sold to non-OEM purchasers), prices remained essentially stable between 2009 and 2010, despite consistent underselling by subject imports.<sup>87</sup> For product 5 (medium-weight wheels sold to OEMs), prices of U.S.

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<sup>81</sup> Subject imports declined from 516,000 wheels in 2008 to 240,000 wheels in 2009, before rebounding to 509,000 wheels in 2010. CR/PR at table IV-2. Notably, in 2009 subject imports were only 240,000 wheels despite excess capacity in China in that year of at least 1.9 million wheels. Similarly, in 2010 subject imports were only 509,000 wheels despite Chinese excess capacity of 1.8 million wheels. CR/PR at table VII-3.

<sup>82</sup> Subject imports fell slightly from 516,000 wheels in 2008 to 509,000 wheels in 2010, or by 1.4 percent. Nonsubject imports, in contrast, increased from \*\*\* wheels in 2008 to \*\*\* wheels in 2010, or by \*\*\* percent. CR/PR at table IV-2.

<sup>83</sup> CR/PR at tables VII-2 & VII-4.

<sup>84</sup> Home market shipments of steel wheels by responding producers were \*\*\* units in 2010 and are projected to total \*\*\* units in 2012. In contrast, shipments to the U.S. market by responding producers were \*\*\* units in 2010 and are projected to total \*\*\* units in 2012. CR/PR at table VII-3.

<sup>85</sup> The share of total subject imports shipped to OEMs declined from 56.1 percent in 2008 to 30.0 percent in 2010, whereas the share of total subject imports shipped to non-OEMs (the aftermarket) increased from 43.9 percent in 2008 to 70.0 percent in 2010. In contrast, the share of reported U.S. commercial shipments sold to the non-OEM channel stayed relatively constant throughout the period at just under \*\*\* percent. CR/PR at table II-1.

<sup>86</sup> Petitioners allege that Chinese producers, having historically supplied heavier weights of steel wheels, are beginning to manufacture lighter weight wheels and are marketing such wheels in the United States. Petitioners’ postconference brief at 27. Record evidence, however, does not support this argument. During the period examined, sales of subject imports of lighter weight wheels to OEMs were nonexistent, and sales to non-OEM customers were sporadic, sold at low volumes, and showed no increasing trend toward the end of the period. CR/PR at tables V-1 & V-4.

<sup>87</sup> For this product, during 2009 and 2010, prices ranged between \$\*\*\* and \$\*\*\* per unit, and showed no particular trend. CR/PR at table V-2.

products actually increased in 2010 over fourth quarter 2009 levels.<sup>88</sup> Moreover, as noted above, subject imports had no price-suppressing effects during the period examined, as between 2009 and 2010, the ratio of COGS to net sales for the domestic industry fell markedly, indicating that domestic producers were not having any trouble covering their increased costs (particularly the increased cost of hot-rolled steel).<sup>89</sup> Thus, as increasing volumes of subject imports did not have price-depressing or price-suppressing effects during the period examined, there is no reason to expect them to have such effects in the imminent future. Although we acknowledge that subject imports undersold the domestic like product during the period examined, such underselling did not cause subject import market share to increase significantly, as subject import market share fell overall over the period examined, and even when it increased (in 2010), its gains were outpaced by nonsubject imports (particularly from Mexico).<sup>90</sup>

Therefore, we conclude that the record does not indicate a likelihood of a substantial increase in either the volume or market share of subject imports into the United States in the imminent future. The increased level of demand for steel wheels in China suggests that Chinese producers will have substantially less opportunity and incentive to ship steel wheels into the U.S. market in the imminent future. Moreover, notwithstanding declines in the U.S. industry's market share during the period examined and relatively consistent underselling by subject imports, there was no indication of any causal link between subject imports and the condition of the U.S. industry, and there is no reason to expect such a link to emerge in the imminent future.

In considering whether there are any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports of the subject merchandise, we note that, on the contrary, most trends point to an industry that has emerged from the general economic downturn on the cusp of a vigorous upswing in line with its normal periodic business cycle. Indeed, the return on investment in the steel wheels industry was a solid \*\*\* percent in 2010, and industry observers are unanimous in projecting a robust demand environment going forward.<sup>91</sup>

Accordingly, we find that the record as a whole contains clear and convincing evidence that there is no reasonable indication of a threat of material injury by reason of subject imports of steel wheels from China, and no likelihood exists that contrary evidence will arise in a final investigation.

### III. CONCLUSION

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

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<sup>88</sup> For this product, prices increased irregularly from \$\*\*\* per unit in fourth quarter 2009 to \$\*\*\* in third quarter 2010, before declining slightly to \$\*\*\* in fourth quarter 2010. CR/PR at table V-5.

<sup>89</sup> The ratio of COGS to net sales was \*\*\* percent in 2010, compared with \*\*\* percent in 2009. CR/PR at table C-1.

<sup>90</sup> The market share of subject imports fell from 12.6 percent in 2008 to 9.0 percent in 2009, before increasing to 11.7 percent in 2010, for an overall decline over the period examined of 0.9 percentage points. Between 2009 and 2010, subject imports gained 2.6 percentage points of market share, compared with a gain of \*\*\* percentage points of market share by nonsubject imports, which increased their market share from \*\*\* percent in 2009 to \*\*\* percent in 2010. The market share of nonsubject imports from Mexico increased from \*\*\* percent in 2009 to \*\*\* percent in 2010, or by \*\*\* percentage points. CR/PR at table C-1.

<sup>91</sup> CR/PR at table VI-4; CR at II-8-13; PR at II-5-9.



## PART I: INTRODUCTION

### BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“Commission” or “USITC”) by Accuride Corp. (“Accuride”) (Evansville, IN) and Hayes Lemmerz International, Inc. (“Hayes Lemmerz”) (Northville, MI) on March 30, 2011, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of certain steel wheels (“steel wheels”)<sup>1</sup> from China. Information relating to the background of the investigations is provided below.<sup>2</sup>

Effective date	Action
March 30, 2011	Petition filed with Commerce and the Commission; institution of Commission investigation (76 FR 18781, April 5, 2011)
April 20, 2011	Commission’s conference <sup>1</sup>
April 26, 2011	Commerce’s notice of initiation of antidumping and countervailing duty investigations (76 FR 23294 and 23302)
May 13, 2011	Commission’s vote
May 16, 2011	Commission determinations transmitted to Commerce
May 23, 2011	Commission views transmitted to Commerce

<sup>1</sup> A list of witnesses appearing at the conference is presented in app. B.

### STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

#### Statutory Criteria

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

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

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

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<sup>1</sup> For the purposes of this report, the term “steel wheels” refers to steel wheels and rims of sizes 18 to 24.5 inch nominal diameters. See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to these investigations.

<sup>2</sup> *Federal Register* notices cited in the tabulation are presented in app. A.

*In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*

...

*In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*

...

*In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to*

...

*(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

### **Organization of the Report**

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

### **MARKET SUMMARY**

The products covered by these investigations are steel wheels of sizes 18" to 24.5" nominal diameters. The steel wheel is usually attached to an axle and a rubber tire is mounted on the

wheel. Steel wheels in the relevant size range normally are mounted on commercial vehicles, i.e., trucks, tractors, buses, trailers, fire trucks, ambulances, tow trucks, etc.<sup>3</sup> Domestic producers of 18” - 24.5” steel wheels include Accuride, Hayes Lemmerz, and Titan Wheel Corp. (“Titan”). \*\*\* is the largest domestic producer, accounting for \*\*\* percent of production of such steel wheels in the United States during 2010. The petitioners indicated that there are an estimated 50 or more producers of steel wheels in China.<sup>4</sup> The following six producers of subject steel wheels in China responded to the Commission’s questionnaire in these investigations: Dongfeng Automotive Wheel Co., Ltd. (“Dongfeng Automotive”); Shandong Jining Wheel Factory (“Shandong Jining”); Shandong Shengtai Wheel Co., Ltd. (“Shandong Shengtai”); Shandong Xingmin Wheel Co., Ltd. (Shandong Xingmin”); Xiamen Sunrise Wheel Group Co., Ltd. (“Xiamen Sunrise”); and Zhejiang Jingu Co., Ltd. (“Zhejiang Jingu”).<sup>5</sup> \*\*\* were the largest responding exporters of subject steel wheels, accounting for more than \*\*\* percent of total reported exports of subject merchandise to the United States in 2010. Nonsubject sources of steel wheels imported into the United States during 2008-10 include Brazil (Maxion and Borlem/Hayes Lemmerz), Canada (Accuride), Colombia (Cofre), Germany (Hayes Lemmerz), India (Hayes Lemmerz), Japan (Isuzu and Topy), Mexico (Accuride and Maxion), Spain (Hayes Lemmerz), Sri Lanka (Loadstar), and Turkey (Jantas/Hayes Lemmerz). The leading U.S. importers of steel wheels from China are believed to be \*\*\*, together accounting for approximately \*\*\* of total reported subject U.S. imports from China in 2010. \*\*\* were the leading importers of steel wheels from nonsubject countries (primarily Mexico and Canada).

Apparent U.S. consumption of steel wheels totaled approximately 3.7 million units (\$213.7 million) in 2010. U.S. producers’ U.S. shipments of steel wheels totaled \*\*\* units (\$\*\*\*) in 2010, and accounted for \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value. U.S. shipments of imports from China totaled 433,000 units (\$25.7 million) in 2010 and accounted for 11.7 percent of apparent U.S. consumption by quantity and 12.0 percent by value. U.S. shipments of imports from nonsubject sources totaled \*\*\* units (\$\*\*\*) in 2010 and accounted for \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value.

## SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, table C-1. Also presented in appendix C (tables C-2 and C-3) are official U.S. import statistics. Except as noted, U.S. industry data are based on questionnaire responses of two firms that accounted for more than \*\*\* percent of U.S. production of steel wheels during 2010. Completed importer questionnaire responses were provided by 29 firms that imported 18” - 24.5” steel wheels into the United States from any country since January 1, 2008. Subject U.S. imports presented in this staff report are based on the questionnaire responses of 18 U.S. importers of subject merchandise from China that are believed to have accounted for two-thirds or more of total subject imports of steel wheels from China. Nonsubject U.S. import data presented are based on the questionnaire responses of 15 U.S. importers that are believed to have accounted for more than one-half of total U.S. imports of steel wheels from nonsubject countries.

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<sup>3</sup> Petition, pp. I-4 and I-7.

<sup>4</sup> Conference transcript, p. 19 (Schomer).

<sup>5</sup> The China Chamber of Commerce for Import and Export of Machinery and Electronic Products (“CCCME”) retained counsel for the purpose of participating in these investigations on behalf of the following five Chinese members: Dongfeng Automotive, Shandong Jining, Shandong Shengtai, Shandong Xingmin, and Zhejiang Jingu.

## PREVIOUS AND RELATED INVESTIGATIONS

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

Following receipt of a petition on July 29, 1988, on behalf of Kelsey-Hayes Co., Romulus, MI, the Commission instituted investigation Nos. 701-TA-296 and 731-TA-420, *Certain Steel Wheels from Brazil*. The subject merchandise was defined as steel wheels, assembled or unassembled, consisting of both a rim and a disc, designed to be mounted with tube type or tubeless pneumatic tires, in wheel diameter sizes ranging from 13.0 inches to 16.5 inches inclusive, and generally designed for use on passenger automobiles, light trucks, and other vehicles. The Commission concluded its final investigation in May 1989, finding that the domestic industry was not materially injured or threatened with material injury, nor was the establishment of an industry materially retarded, by reason of the subject imports from Brazil. The Commission majority declined to separate “standard” and “custom” steel wheels and declined to expand the like product to include either aluminum wheels or steel rims.<sup>7</sup>

## NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

### Alleged Subsidies

On April 26, 2011, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on certain steel wheels from China.<sup>8</sup> Commerce indicated that it is including in its investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in China:

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<sup>6</sup> *Tubeless Steel Disc Wheels from Brazil, Investigation No. 731-TA-335 (Final)*, USITC Publication 1971, April 1987, pp. 1-6. Following the Commission’s final determination, the U.S. Court of International Trade (“USCIT”) remanded Commerce’s final determination with instructions to recalculate the dumping duty. Upon remand, Commerce determined that there were no dumping margins with respect to Borlem, S.A. 56 FR 14083, April 5, 1991. The USCIT subsequently remanded the Commission’s threat determination. The Commission issued a negative determination pursuant to the remand. 57 FR 22487, May 28, 1992. Accordingly, Commerce revoked the antidumping duty order. 57 FR 28829, June 29, 1992.

<sup>7</sup> *Certain Steel Wheels from Brazil, Investigation No. 701-TA-296 (Final)*, USITC Publication 2193, May 1989, pp. 1-11. With respect to the antidumping duty investigation, Commerce issued a final negative determination regarding sales at less than fair value. 54 FR 21456, May 18, 1989.

<sup>8</sup> *Certain Steel Wheels From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 76 FR 23302, April 26, 2011.

- A. Preferential Loans and Interest Rates
  - 1. Policy Loans to the Steel Wheels Industry.
  - 2. Treasury Bond Loans.
  - 3. Preferential Loans for State-Owned Enterprises (“SOEs”).
- B. Income Tax and Other Direct Tax Benefit Program
  - 1. Income Tax Credits for Domestically-Owned Companies Purchasing Domestically-Produced Equipment.
- C. Subsidies for Foreign Invested Enterprises (“FIEs”)
  - 1. Two Free, Three Half Program.
  - 2. Local Income Tax Exemption and Reduction Programs for Productive FIEs.
  - 3. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises.
  - 4. Income Tax Reductions for Export-Oriented FIEs.
- D. Indirect Tax and Tariff Exemption Programs
  - 1. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises. Using Imported Equipment In Encouraged Industries.
  - 2. Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring.
  - 3. Export Subsidies Characterized as “VAT Rebates.”
- E. Government Provision of Goods and Services for Less Than Adequate Remuneration (“LTAR”)
  - 1. Provision of Land to SOEs for LTAR.
  - 2. Provision of Land Use Rights Within Donghai Economic Development Zone.
  - 3. Provision of Hot-Rolled Steel for LTAR.
  - 4. Provision of Electricity for LTAR.
- F. Grant Programs
  - 1. State Key Technology Renovation Fund.
  - 2. Export Assistance Grants in Zhejiang Province.
  - 3. GOC and Sub-Central Government Grants, Loans, and Other Incentives for Development of Famous Brands and China World Top Brands.

Commerce also indicated in its initiation notice that it is not including in its investigation the following programs alleged to benefit producers and exporters of the subject merchandise in China:

- A. Subsidies to Steel Wheel Producers Located in Economic Development Zones
- B. Privatization Related Subsidies to Zhengxing Wheel Group Co., Ltd.
  - 1. Debt Forgiveness.
  - 2. Non-Arm’s Length Privatization.
- C. Export Loans From Policy Banks and State-Owned Commercial Banks
- D. Currency Manipulation

#### **Alleged Sales at LTFV**

On April 26, 2011, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on certain steel wheels from China.<sup>9</sup> Commerce initiated an antidumping duty investigation based on estimated dumping margins ranging from 30.25 percent to 193.54 percent for certain steel wheels from China.

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<sup>9</sup> *Certain Steel Wheels From the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 76 FR 23294, April 26, 2011.

## THE SUBJECT MERCHANDISE

### Commerce's Scope

Commerce has defined the scope of this investigation as follows:

The products covered by this investigation are steel wheels with a wheel diameter of 18 to 24.5 inches. Rims and discs for such wheels are included, whether imported as an assembly or separately. These products are used with both tubed and tubeless tires. Steel wheels, whether or not attached to tires or axles, are included. However, if the steel wheels are imported as an assembly attached to tires or axles, the tire or axle is not covered by the scope. The scope includes steel wheels, discs, and rims of carbon and/or alloy composition and clad wheels, discs, and rims when carbon or alloy steel represents more than fifty percent of the product by weight. The scope includes wheels, rims, and discs, whether coated or uncoated, regardless of the type of coating.<sup>10</sup>

### Tariff Treatment

Certain steel wheels are classifiable in the Harmonized Tariff Schedule of the United States (“HTS”) under subheading 8708.70 (“Parts and accessories of the motor vehicles of headings 8701 to 8705,<sup>11</sup> Road wheels and parts and accessories thereof”) and reported for statistical purposes under statistical reporting numbers 8708.70.0500 (road wheels for tractors (except road tractors) suitable for agricultural use), 8708.70.2500 (road wheels for tractors (except road tractors) other than for agricultural use (e.g., construction use)), and 8708.70.4530 (road wheels for other vehicles of subheading 8701.20 or heading 8702, 8704, or 8705 (e.g., commercial trucks and trailers)). Table I-1 presents current tariff rates for subject steel wheels.

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<sup>10</sup> *Certain Steel Wheels From the People's Republic of China: Initiation of Antidumping Duty Investigation*, 76 FR 23294, April 26, 2011.

<sup>11</sup> Motor vehicles of headings 8701 to 8705 include: (1) Heading 8701: tractors (other than tractors of heading 8709 (“Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the foregoing vehicles”), (2) Heading 8702: Motor vehicles for the transport of ten or more persons, including the driver, (3) Heading 8703: Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars, (4) Heading 8704: Motor vehicles for the transport of goods, and (5) Heading 8705: Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, wreckers, mobile cranes, fire fighting vehicles, concrete mixers, road sweepers, spraying vehicles, mobile workshops, and mobile radiological units).

**Table I-1  
Steel wheels: Tariff rates, 2011**

HTS provision	Article description	General <sup>1</sup>	Special <sup>2</sup>	Column 2 <sup>3</sup>
		Rates (percent ad valorem)		
8708	Parts and accessories of the motor vehicles of headings 8701 to 8705:			
8708.70	Road wheels and parts and accessories thereof:			
	For tractors (except road tractors):			
	For tractors suitable for agricultural use:			
8708.70.0500	Road wheels	Free		Free
	For other tractors:			
8708.70.2500	Road wheels	Free		27.5%
	For other vehicles:			
8708.70.45	Road wheels	2.5%	Free <sup>4</sup>	25%
8708.70.4530	For vehicles of subheading 8701.20 or heading 8702, 8704, or 8705			
<sup>1</sup> Normal trade relations, formerly known as the most-favored-nation duty rate. <sup>2</sup> Special rates not applicable when General rate is free. <sup>3</sup> Applies to imports from a small number of countries that do not enjoy normal trade relations duty status. <sup>4</sup> General note 3(c)(i) defines the special duty program symbols enumerated for this provision (A, AU, B, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG). The GSP and the Andean Trade Preference program are not currently in effect, and thus no special duty treatment is available.				
Source: Harmonized Tariff Schedule of the United States (2011).				

## THE PRODUCT

### Description and Applications

Commerce's scope includes steel wheels and rims of the sizes 18 inches to 24.5 inches nominal diameters. These wheels and rims may or may not be attached to tires or axles when imported. These wheels and rims are typically used in commercial vehicles, including trucks, buses, trailers, and fire trucks, although the scope is not based on use.<sup>12</sup>

The subject product includes steel wheels destined for original equipment manufacturers (OEMs, such as vehicle manufacturers) and the aftermarket (replacement market). According to the petitioner, steel wheels destined for these different markets are the same.<sup>13</sup> These wheels are used for on-road (highway) vehicles, such as trucks and trailers, and off-road ("OTR") applications, such as agricultural and mining equipment.<sup>14</sup> According to one of the respondents, CCCME, off-road and on-road wheels have different specifications and are not interchangeable, and are sold through different channels of distribution.<sup>15</sup>

Steel wheels may be used with tubeless or tube-type tires. A single piece rim is used for tubeless tires; these tires have no inner tubes, and the air pressure is maintained between the tire carcass and the

<sup>12</sup> Petition, March 30, 2011, pp. 1-4.

<sup>13</sup> Conference transcript, p. 80 (Schomer).

<sup>14</sup> Respondent CCCME's postconference brief, p. 7.

<sup>15</sup> Respondent CCCME's postconference brief, p. 7.

rim of the wheel.<sup>16</sup> Multi-piece rims are for tube-type tires. Petitioners identified a tube-type wheel with a rim made of multiple components that has a ring that snaps into place. These wheels are called two-piece and three-piece assemblies. Certain wheels are also made in two halves that are bolted together for military and similar applications.<sup>17</sup>

Petitioners contend that the wheel market is largely tubeless (98 percent or higher), particularly in the on-road vehicle sector, because of their greater safety when handled and serviced. The tubeless off-road wheel/tire generally has a higher carrying capacity for loads and conditions for off-road service than tubeless on-road wheels. The basic contour and manufacturing process for tubeless wheels are similar to those for tube-type wheels, but a heavier steel is used in their manufacture to handle heavier load applications.<sup>18</sup>

Steel wheels from China normally are imported as a single unit like those produced by U.S. industry.<sup>19</sup> However, respondent CCCME claims that U.S. and Chinese steel wheels have fundamental differences, including end use and size, as the Chinese industry produces not only heavier wheels than the petitioners but also off-road steel wheels not manufactured by the petitioners.<sup>20</sup> CCCME contends that the U.S. market makes a distinction among wheels based on weight.<sup>21</sup> Lightweight steel wheels produced by the petitioners are made from a high strength, low alloy steel rather than the carbon steel used to produce heavier wheels. Moreover, CCCME points out that off-road wheels are manufactured from heavier steels and are designed to accommodate heavier load applications than those for on-road vehicle use. Off-road wheels have different specifications and are not interchangeable with on-road wheels produced by the petitioners.<sup>22</sup>

### **Manufacturing Processes**

The two primary components of a steel wheel are the rim and disc. The rim comprises the perimeter of the wheel and supports the tire when it is attached to the wheel, while the disc serves as the center portion of the wheel within the rim. Both the rim and the disc are produced primarily from a high strength low alloy hot-rolled steel.<sup>23</sup> The wheel is designed to meet the load and size of the tire installed,<sup>24</sup> and the wheel manufacturer's own the design.<sup>25</sup>

The rim and the disc are produced separately on different highly-automated production lines. To balance production of rims and discs, more equipment can be added to the disc assembly line which runs at a slower rate than the rim line.<sup>26</sup> The hot-rolled steel coil for the rim is unwound, cut, rounded, and welded together to form a circular blank. The circular blank is then profiled via rolling stands into its final shape. The disc is produced from wider and thicker hot-rolled steel than that used in the production of the rim. Circles are die-cut from the hot-rolled steel and then run through a press to punch out the

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<sup>16</sup> Don Goodsell, *Dictionary of Automotive Engineering*, Second Edition, Society of Automotive Engineers, Butterworth-Heinemann, 1995, 235.

<sup>17</sup> Conference transcript, pp. 42-43 (Noll).

<sup>18</sup> Conference transcript, pp. 44-45 (Weisend).

<sup>19</sup> Conference transcript, p. 143 (Orr).

<sup>20</sup> Respondent CCCME's postconference brief, p. 7.

<sup>21</sup> Respondent CCCME's postconference brief, p. 7.

<sup>22</sup> Respondent CCCME's postconference brief, p. 5.

<sup>23</sup> Petition, March 30, 2011, p. I-4.

<sup>24</sup> Conference transcript, p. 54 (Caulfield).

<sup>25</sup> Conference transcript, p. 93 (Hampton).

<sup>26</sup> Conference transcript, p. 38 (Noll).



center bore, hand holes, and bolt holes. The center bore is for the axle, the hand holes are to make it easier to pick up and carry the wheel, and the bolt holes are used to attach the tire. The disc is formed into a bowl shape for attachment to the rim. Finally, the disc and rim are pressed and welded together to form a permanent assembly called a wheel.<sup>27</sup>

Steel wheel producers apply electrodeposition paint, commonly called E-coat, to the wheels. A powder coating can be added to the initial paint for added corrosion protection or additional colors.<sup>28</sup> The E-coat finish serves two purposes—as a finished top coat paint and as a primer coat should a given manufacturer want to paint a wheel a specific color to match the color of a cab for a truck or a trailer or a specific customer request.<sup>29</sup> Wheel manufacturers in China reportedly apply a finish that consists of an epoxy E-coat layered with a powder coating.<sup>30</sup> Respondent Trans-Texas Tire (“TTT”) argues that the powder coating was a technological advance that the petitioners were slow to match.<sup>31</sup> According to the petitioners, all steel truck wheels sold in the United States to both OEMs and in the aftermarket meet the Society of Automotive Engineers (“SAE”) recommended practice J267.<sup>32</sup>

The petitioners believe that Chinese steel wheel producers use hot-rolled steel and a similar process to produce the subject merchandise exported to the United States.<sup>33</sup> Respondents agree that the production process is largely the same as that used by U.S. producers.<sup>34</sup> Respondent CCCME, however, claims that lightweight steel wheels are difficult to manufacture, and that most Chinese mills cannot produce them because they lack the high tensile steel and/or the processing equipment or mold production experience necessary to produce lightweight steel wheels.<sup>35</sup>

Although Accuride indicated that it does not produce a steel wheel outside of the scope diameters, the company noted that with new tooling, the assembly lines could be adapted for production of larger or smaller steel wheels. However, the use of thinner steel for the production of smaller wheel sizes on a heavy steel wheel assembly line would make their manufacture uncompetitive.<sup>36</sup>

## DOMESTIC LIKE PRODUCT ISSUES

One issue with respect to the domestic like product has been raised in these investigations: whether or not to include aluminum wheels in the domestic like product.<sup>37</sup> Petitioners proposed that the Commission should find that the domestic like product in these investigations is coextensive with the

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<sup>27</sup> Petition, March 30, 2011, pp. I-4-5.

<sup>28</sup> Conference transcript, p. 21 (Noll).

<sup>29</sup> Conference transcript, p. 49 (Schomer).

<sup>30</sup> Conference transcript, pp. 48 (Kato) and 144 (Cunningham).

<sup>31</sup> Respondent TTT’s postconference brief, p. 4.

<sup>32</sup> Conference transcript, p. 22 (Noll).

<sup>33</sup> Petition, March 30, 2011, p. I-5.

<sup>34</sup> Conference transcript, pp. 143-44 (Orr).

<sup>35</sup> Respondent CCCME’s postconference brief, pp. 8-9.

<sup>36</sup> Conference transcript, p. 39 (Noll).

<sup>37</sup> CCCME also indicated in its postconference brief that “wheels for off-road are separate products, not produced by the petitioners, and should be disregarded in the Commission’s analysis.” However, it is not entirely clear that CCCME’s argument is for a separate domestic like product per se. CCCME argued that wheels for off-road use are (1) not produced by the two petitioners, (2) built with heavier steel, produced to different specifications, and designed to handle heavier load applications, (3) not interchangeable with wheels for highway use, and (4) sold through separate channels of distribution. Respondent CCCME’s postconference brief, pp. 5-6.

scope.<sup>38</sup> Respondent importer AWS indicated that it does not contest the petitioners' position on the domestic like product in the preliminary phase of these investigations but noted that the question of whether or not aluminum wheels should be included in an expanded domestic like product should be examined more closely in the event the Commission votes to proceed to a final phase.<sup>39</sup> Likewise, respondent CCCME indicated that it does not contest the domestic like product proposed by the petitioners as including only steel wheels, but argued that the increasing share held by the aluminum wheel in the U.S. market is a distinct condition of competition that must be considered by the Commission in making its determinations.<sup>40</sup> Only one respondent interested party (importer TTT) argued that the Commission should definitively expand the domestic like product in the preliminary phase of these investigations to include aluminum wheels of 18" to 24.5" in diameter.<sup>41</sup>

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below.

### **Physical Characteristics and Uses**

Petitioners argued that aluminum wheels are distinctly different in terms of physical characteristics from steel wheels and should not be considered part of the same domestic like product as steel wheels. They argued that the composition of the products are entirely different—aluminum wheels are forged from aluminum billets and steel wheels are produced from steel coil.<sup>42</sup> Respondents argued that, even though aluminum and steel wheels are made from different metals, both share many of the same physical characteristics, such as load rating specifications, shapes, and sizes. They indicated that, although aluminum wheels are considerably lighter and brighter in appearance than steel wheels, they are both shaped and contoured the same. In addition, respondents noted that aluminum wheels are at least as strong and durable as steel wheels.<sup>43</sup>

Petitioners and respondents alike stated that both aluminum wheels and steel wheels are used for the same function by the U.S. truck and trailer manufacturing sectors.<sup>44</sup> Petitioners argued, however, that even though steel and aluminum wheels share a common use, the commonality in terms of function does not indicate that they should constitute the same domestic like product.<sup>45</sup>

### **Manufacturing Facilities and Production Employees**

The petitioners stated that the differences in the physical characteristics of steel and aluminum wheels are so great that the two cannot be manufactured using the same methods of production or the same equipment. They are, in fact, produced in separate facilities using different equipment, processes,

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<sup>38</sup> Petitioners' postconference brief, pp. 9-10.

<sup>39</sup> Respondent AWS's postconference brief, p. 4.

<sup>40</sup> Respondent CCCME's postconference brief, pp. 1-3 and 14.

<sup>41</sup> Respondent TTT's postconference brief, pp. 10-13.

<sup>42</sup> Petitioners' postconference brief, pp. 10-12 and 14.

<sup>43</sup> Respondent CCCME's postconference brief, pp. 1 and 14; and Respondent TTT's postconference brief, pp. 11-12.

<sup>44</sup> Respondent TTT's postconference brief, pp. 11-12; Respondent AWS's postconference brief, pp. 4 and 6; and petitioners' postconference brief, pp. 12-13.

<sup>45</sup> Petitioners' postconference brief, pp. 12-13.

and employees. There are currently three domestic producers of steel wheels (Accuride, Hayes Lemmerz, and Titan) and two domestic producers of aluminum wheels (Accuride and Alcoa).<sup>46</sup> Domestic producer Accuride manufactures steel wheels at its facility in Henderson, KY, and it produces aluminum wheels at a heavy truck aluminum plant in Erie, PA. Accuride explained that the aluminum wheel facility is a completely different type of plant using a different type of manufacturing process to manufacture aluminum wheels. Accuride's aluminum wheel facility uses cast aluminum billets (or logs) from which a wheel in the final contour similar to the general shape of the steel rim and disc is forged and machined as a single piece. On the other hand, Accuride's steel wheel facility uses steel coil input from which a rim and disc are machined as separate parts and then welded together to form the wheel. Hayes Lemmerz previously produced aluminum wheels at five production facilities. The last of those facilities was closed in 2008.<sup>47</sup> Its steel wheels are currently produced at facilities in Sedalia, MO, and Akron, OH.<sup>48</sup> The petitioners noted that the Commission relied in part on the differences in manufacturing facilities in making its determination that steel and aluminum wheels were separate domestic like products in its 1989 investigation concerning *Certain Steel Wheels from Brazil*.<sup>49</sup>

Respondent U.S. importer TTT argued that, although aluminum and steel wheels are made through different production processes, the Commission should find that aluminum wheels are part of the same domestic like product as steel wheels due to the similarities in the other factors that the Commission considers in making its domestic like product determination (e.g., same sizes, same end use, and same channel of distribution).<sup>50</sup>

### **Interchangeability and Customer and Producer Perceptions**

The petitioners conceded that aluminum wheels serve the same function as steel wheels and may be generally interchangeable in terms of function and use. Even so, they argued that the commonality in terms of function does not indicate that steel and aluminum wheels constitute the same domestic like product. They again referred to the Commission's 1989 determination concerning *Certain Steel Wheels from Brazil* and noted that, even though the Commission recognized commonalities in that case, it nevertheless found that steel and aluminum wheels constituted separate domestic like products.<sup>51</sup> In addition, the petitioners noted that customers choose aluminum wheels or steel wheels independently and

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<sup>46</sup> Hayes Lemmerz testified at the Commission's conference that it had previously operated five aluminum wheel production facilities in the United States, but all have now closed. The last Hayes Lemmerz aluminum production facility in the United States closed in 2008. Hayes Lemmerz argued that the closures of its aluminum wheel facilities were caused by "Chinese competition driving us out of that product." Conference transcript, p. 23 (Hampton). Commission staff requested 2008-2010 U.S. shipment data (including channels of distribution information) concerning domestically produced aluminum wheels of 18" to 24.5" in diameter from Accuride, Alcoa, and Hayes Lemmerz. Both Accuride and Hayes Lemmerz provided the requested data, but no data were provided by Alcoa. The data concerning aluminum wheels provided by Accuride and Hayes are presented in the sections of this part of the report entitled "Channels of Distribution" and "Price." According to conference testimony, Accuride and Alcoa each currently account for approximately one-half of the U.S. aluminum wheel market. Conference transcript, p. 146 (Cunningham).

<sup>47</sup> Conference transcript, p. 23 (Hampton).

<sup>48</sup> Petition, p. I-7; petitioners' postconference brief, pp. 11 and 14; conference transcript, pp. 21-22 (Noll) and 23 (Hampton).

<sup>49</sup> Petitioners' postconference brief, p. 11 (referencing *Certain Steel Wheels from Brazil, Investigation No. 701-TA-296 (Final)*, USITC Publication 1989, p. 8).

<sup>50</sup> Respondent TTT's postconference brief, p. 12.

<sup>51</sup> Petitioners' postconference brief, p. 13 (referencing *Certain Steel Wheels from Brazil, Investigation No. 701-TA-296 (Final)*, USITC Publication 1989, p. 8).

that the two different wheels do not compete with each other. They indicated that customers view the two wheels as aesthetically different and that aluminum wheels are purchased because “they look good, really.”<sup>52</sup> The petitioners also noted that the customer perceptions that aluminum and steel wheels are different is observed in the customer’s willingness to pay three times more for an aluminum wheel.<sup>53</sup>

Respondents argued that aluminum wheels are increasingly being used instead of steel wheels in the majority of commercial truck and trailer applications for which steel wheels are marketed. They also argued that aluminum wheels compete directly and aggressively with steel wheels for the same sales in the U.S. marketplace as a direct substitute. In fact, they noted that aluminum wheels have displaced significant volumes of steel wheel sales since their relatively recent introduction into the market and estimated that aluminum currently accounts for 50-60 percent of all wheels on new class 8 on-road trucks. However, respondents noted that aluminum wheels provide certain performance and aesthetic advantages over steel wheels. In particular, aluminum wheels are perceived by customers to be “brighter, naturally more attractive, and easier to maintain.” In addition, they noted that the higher initial cost of an aluminum wheel is more than offset by the lifetime fuel savings that are generated by using a lighter weight wheel and that the aluminum wheels provide the user savings with respect to the following: weight savings, low maintenance, lower operating cost, mount/dismount savings, reduced wheel-offs, safety and down-time savings, cleaning savings, and reduced carbon footprint. They estimated that a user can save up to \$8,647 over the lifetime of a single heavy-duty truck and trailer by opting to use aluminum wheels rather than steel wheels.<sup>54</sup>

### **Channels of Distribution**

As described in more detail in *Part II* of this report, domestically produced steel wheels are sold into two broad market channels: (1) original equipment manufacturers (“OEM”)<sup>55</sup> and (2) the aftermarket (e.g., distributors, buying groups, and retailers that sell to commercial truck fleets).<sup>56</sup> Commission staff requested data based on these two broad channels from U.S. producers of steel wheels and aluminum wheels.<sup>57</sup> Data received from Accuride concerning the firm’s channels of distribution for aluminum wheels indicate that \*\*\* of its U.S. shipments of aluminum wheels were made to OEMs and \*\*\* were made to non-OEMs (i.e., the aftermarket). In particular, Accuride’s U.S. shipments of aluminum wheels to OEMs accounted for \*\*\* percent of the firm’s total U.S. shipments in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. Detailed information concerning the channels of distribution for steel wheels are presented in *Part II* of this report.

Respondents argued that aluminum wheels and steel wheels are sold in comparable sizes predominantly through the same channels of distribution to the same major truck and trailer OEMs that traditionally have been exclusive customers for steel wheels. They also noted that the largest market

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<sup>52</sup> Petitioners’ postconference brief, p. 13 (referencing conference transcript, p. 61 (Caulfield)).

<sup>53</sup> Petitioners’ postconference brief, pp. 13-14; and conference transcript, p. 55 (Schomer).

<sup>54</sup> Respondent CCCME’s postconference brief, pp. 1-2, 14-15, and 17; Respondent TTT’s postconference brief, pp. 12-13; Respondent AWS’s postconference brief, pp. 4, 6, and 9; and conference transcript, pp. 14 (Lowe), 101 (Orr), and 121-122 (McPhie).

<sup>55</sup> The OEM channel may be further divided into the following three channels: truck OEMs, trailer OEMs, and truck OEM dealership service departments (“OES”). Petitioners’ postconference brief, p. 6; Respondent CCCME’s postconference brief, p. 10; and Respondent AWS’s postconference brief, p. 5.

<sup>56</sup> Conference transcript, pp. 15-16 (Schomer).

<sup>57</sup> The Commission requested data concerning U.S. shipments of aluminum wheels from Accuride, Alcoa, and Hayes Lemmerz, the only known U.S. producers of aluminum wheels with a diameter of 18" to 24.5". Hayes Lemmerz provided U.S. shipment data but did not provide information concerning the channels of distribution. To date, no data have been received from Alcoa concerning its U.S. shipments of aluminum wheels.

share of the leading market segment for steel wheels (class 8 trucks) is held by aluminum wheels. They projected that the use of aluminum wheels in this market segment will increase steadily in 2011 and beyond.<sup>58</sup>

Petitioners indicated that while there may be substantial overlap in the channels of distribution for steel wheels and aluminum wheels, there are some differences in the commercial channels to which they are sold.<sup>59</sup> Once again, petitioners referred to the Commission's 1989 determination concerning *Certain Steel Wheels from Brazil* and noted that, even though the Commission found aluminum and steel wheels share the feature of being distributed through the same commercial channels, it nevertheless found that steel and aluminum wheels constituted separate domestic like products.<sup>60</sup>

### Price

Petitioners argued that a major reason that aluminum and steel wheels comprise separate domestic like products is that they differ greatly in terms of price. Conference testimony indicated that aluminum wheels sell for three times the price of steel wheels.<sup>61</sup> However, respondents argued that, although aluminum wheels are sold at a premium over steel wheels, the Commission should find aluminum wheels to be part of the same domestic like product as steel wheels due to the similarities in the other factors that the Commission considers in making its domestic like product determination. They also noted that the higher initial cost of an aluminum wheel is typically more than offset by the lower lifetime costs in fuel savings and/or higher lifetime revenues in increased cargo weight that are generated by using a lighter weight wheel.<sup>62</sup>

Commission staff requested data concerning U.S. shipments of aluminum wheels from Accuride, Alcoa, and Hayes Lemmerz. The requested data provided by Accuride and Hayes Lemmerz concerning aluminum wheels 18" to 24.5" in diameter are presented in table I-2. These data show that the unit values reported for \*\*\* domestic shipments of aluminum wheels are approximately \*\*\* times greater than the unit values reported for U.S. producers' domestic shipments of steel wheels. Unit value and pricing data for domestically produced and imported steel wheels are presented in *Parts III, IV, and/or V* of this report.

**Table I-2**  
**Aluminum wheels 18" to 24.5" in diameter: U.S. producers' shipments, by firm, 2008-10**

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<sup>58</sup> Respondent CCCME's postconference brief, p. 2; Respondent TTT's postconference brief, p. 12.

<sup>59</sup> The petitioners did not elaborate on the differences in the channels of distribution. Petitioners' postconference brief, p. 12.

<sup>60</sup> Petitioners' postconference brief, p. 13 (referencing *Certain Steel Wheels from Brazil, Investigation No. 701-TA-296 (Final)*, USITC Publication 1989, p. 8).

<sup>61</sup> Petitioners' postconference brief, p. 13; and conference transcript, p. 55 (Schomer).

<sup>62</sup> Respondent TTT's postconference brief, p. 13; Respondent CCCME's postconference brief, p. 15; Respondent AWS's postconference brief, pp. 4 and 6.



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

Steel wheels are an input used in trucks, trailers, busses, fire engines, and other vehicles, either in their original production or as replacement parts. Accordingly, steel wheels are sold to original equipment manufacturers (OEMs) of trucks, trailers, and other vehicles, as well as to those that service those vehicles such as manufacturer service departments or fleet maintenance departments. They are also sold to distributors who may sell to purchasing co-operatives or retailers. As such, the steel wheel industry follows mid- to heavy truck production. The majority of domestic steel wheel needs are met by two producers: Accuride and Hayes Lemmerz, which have traditionally been the exclusive suppliers to truck OEMs. However, imports from several countries, including but not limited to China, collectively supply the U.S. market with substantial quantities of steel wheels for both OEM and non-OEM customers.

### **CHANNELS OF DISTRIBUTION**

Steel wheels are sold to manufacturers of new vehicles, and as replacement parts. Accordingly, the Commission collected data on an OEM and non-OEM (i.e., aftermarket) basis. The OEM market is divided between truck and trailer manufacturers. The large truck manufacturers include Freightliner (owned by Daimler), Kenworth and Peterbilt (both owned by PACCAR), Navistar, and Volvo/Mack. The large trailer manufacturers include Great Dane, Utility Trailer, and Wabash, although there are a number of small trailer manufacturers.<sup>1</sup> Also within the OEM network are dealerships which service the trucks that they sell, and sometimes referred to as “original equipment service” (OES) or “original equipment manufacturer service” (OEMS) providers.<sup>2</sup> One respondent estimated the aftermarket to be close to 20 percent of the market.<sup>3</sup> Petitioners estimated that the aftermarket could be 30 to 40 percent of the total steel wheel market.<sup>4</sup> Collected quarterly pricing data indicate that for the pricing products selected (which accounted for more than two-thirds of shipments), sales to OEMs accounted for \*\*\* percent of the market between 2008 and 2010, while sales to non-OEMs accounted for \*\*\* percent.

Market participants have varied views about what makes up the aftermarket. Accuride described the aftermarket as “primarily a distributor warehouse business {with} several large buying groups, principally Heavy Duty America, known as HDA, VIPAR, NAPA Traction Group and FleetPride. There are also a number of other independent truck parts companies that make up the remainder of the after

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<sup>1</sup> Conference transcript, pp. 15 (Schomer) and 135 (Rogers).

<sup>2</sup> Conference transcript, p. 116 (Walker).

<sup>3</sup> Conference transcript, p. 107 (T. M. Cunningham). Mr. Cunningham described the aftermarket as consisting of dealers that repair and service trucks (i.e., the OES market, which typically buys the wheels standard for their make of truck), fleets (e.g., Fedex and Wabash trailer, which “buy all the equipment and run all the wheels, the 18-wheelers”), distributors which carry all types of truck parts, and tire shops. *Ibid.*, pp. 108-110. Mr. Schomer of Accuride described the OES market as part of the OEM market. Conference transcript, p. 15 (Schomer).

<sup>4</sup> Petitioners at the conference noted that “it’s not uncommon for trucks in the fleets to run anywhere from 500,000 to a million miles before being replaced by new trucks. Trailers last even longer. Therefore, the aftermarket for steel wheels is very large.” Conference transcript, p. 17 (Schomer). This would not always be the case. As the country entered the economic downturn, demand for new trucks decreased, with more fleets opting to repair trucks rather than replace them; both these factors would lead to an increased aftermarket share. As noted by one independent transportation research firm, “the fleet is extremely old, and after years of deferred capex, is in need of upgrading.” ACT N.A. Transportation Outlook, Americas Commercial Transportation Research Co. LLC (“ACT Research”), April 11, 2011.

market business.”<sup>5</sup> According to one respondent, the aftermarket is comprised of smaller trailer manufacturers and retailers focused on particular niches. As such, it is smaller and more fragmented.<sup>6</sup> For example, some aftermarket distributors/truck suppliers mount a tire to the wheel and sell the assembly as one piece.<sup>7</sup> Respondents alleged that the domestic producers have refused to sell into large segments of the aftermarket, usually smaller firms, such as these tire assemblers.<sup>8</sup>

As presented in table II-1, more than \*\*\* percent of all U.S. commercial shipments are made to OEMs. Chinese respondents noted that they do not sell at all to major OEMs.<sup>9</sup> Indeed, an increasing share of shipments of steel wheels from China was shipped to non-OEMs between 2008 and 2010.

**Table II-1**

**Steel wheels: Channels of distribution for commercial shipments of domestic product and subject imports sold in the U.S. market, by year and by country, 2008-10**

	2008	2009	2010
<b>Share of reported shipment quantity (percent)</b>			
<b>Domestic industry:</b>			
Shipments to OEMs	***	***	***
Shipments to non-OEMs	***	***	***
<b>China:</b>			
Shipments to OEMs	56.1	31.2	30.0
Shipments to non-OEMs	43.9	68.8	70.0
<b>Nonsubject countries:</b>			
Shipments to OEMs	***	***	***
Shipments to non-OEMs	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.			

Nonsubject imports, in many instances \*\*\*, were shipped primarily to OEMs.

## GEOGRAPHIC DISTRIBUTION

Producers and importers were requested to provide information on the specific geographic market areas served by their firm. Table II-2 presents information provided by U.S. producers and importers on the market areas in which they sell steel wheels.

<sup>5</sup> Conference transcript, pp. 15-16 (Schomer).

<sup>6</sup> Conference transcript, pp. 135-36 (Rogers).

<sup>7</sup> Conference transcript, p. 100 (G. Orr).

<sup>8</sup> Conference transcript, pp. 100 and 103 (G. Orr), 110 and 111 (T. M. Cunningham).

<sup>9</sup> Respondent CCCME’s postconference brief, p. 10.



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

Region	Producers	Importers
Northeast	2	14
Midwest	2	17
Southeast	2	19
Central Southwest	2	16
Mountains	2	12
Pacific Coast	2	14
Other	2	5

Note.--There were a total of 2 U.S. producers and 23 importers that responded to this question. Firms were not limited in the number of market areas that they could report and, in fact, many firms identified a number of market areas.

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

## SUPPLY AND DEMAND CONSIDERATIONS

### Supply

#### U.S. Supply

Based on available information, in the short term, staff believes that U.S. steel wheels producers have the capability to respond to changes in demand with large changes in shipments of U.S.-produced steel wheels to the U.S. market. In the medium term, U.S. steel wheels producers have the capability to respond to changes in demand with moderate changes in shipments of U.S.-produced steel wheels. Factors contributing to this degree of responsiveness of supply are discussed below.

#### *Industry capacity*

U.S. producers' reported capacity utilization for steel wheels fluctuated since 2008, decreasing from \*\*\* percent to \*\*\* percent in 2009, before increasing to \*\*\* percent in 2010 reflecting, in part, depressed demand due to the 2008-09 economic downturn. During this time, total capacity decreased from \*\*\* wheels to \*\*\* wheels.

#### *Alternative markets*

Domestic producers' export share decreased between 2008 and 2010, from \*\*\* percent to \*\*\* percent, indicating that domestic steel wheels producers have somewhat limited capability to shift shipments between the United States and other markets in response to price changes in the short term. Accuride owns steel wheels plants in Canada and Mexico, because many of their customers have

production facilities in all three North American countries.<sup>10</sup> Hayes Lemmerz has plants located in Brazil, Colombia, Germany, India, Spain, and Turkey.<sup>11</sup>

### ***Inventory levels***

\*\*\* percent of Accuride's 2010 sales and \*\*\* percent of Hayes Lemmerz's 2010 sales were from inventory. U.S. producers' inventories, as a share of U.S. producers' total shipments, decreased from \*\*\* percent in 2008 to \*\*\* percent in 2010. These relatively small levels of inventories suggest that U.S. producers are somewhat constrained in their ability to respond to changes in demand with relatively large changes in the quantity shipped.

### ***Production alternatives***

Only Hayes Lemmerz reported that it was able to switch production from steel wheels to other products (wheels less than 18 inches in diameters, typically for autos and light trucks) at its Sedalia, MO plant, while its Akron, OH facility primarily produces 22½- and 24½-inch wheels for heavy trucks and military machinery.<sup>12</sup> Accuride only produces subject product at its Henderson, KY facility.

### **Supply of Subject Imports from China to the U.S. Market**

Based on available information, suppliers of steel wheels from China have the capability to respond to changes in demand with moderate to large changes in the quantity shipped to the U.S. market. Supply responsiveness is enhanced by excess capacity, available inventories, and increasing expected exports to the United States.

### ***Industry capacity***

Reported Chinese capacity to produce steel wheels increased from 4.6 million wheels in 2008 to 6.7 million wheels in 2010.<sup>13</sup> Responding Chinese foreign producers also projected capacity to increase to 7.3 million wheels in 2011 and 12.0 million wheels in 2012. During this period, capacity utilization of Chinese steel wheels producers decreased from 65.2 percent in 2008 to 57.8 percent in 2009, but increased to 72.9 percent in 2010. Responding Chinese foreign producers indicated that they expect capacity utilization to be 83.6 percent in 2011 and 80.9 percent in 2012. Four of five Chinese foreign producers indicated that they produce other products using the same machinery and workers used to make steel wheels, including wheels of sizes less than 18" and greater than 24½", as well as tube-type wheels of less than 18".

### ***Inventory levels***

Available data indicate that Chinese steel wheels producers' inventories relative to total shipments decreased from \*\*\* percent in 2008 to \*\*\* percent in 2010, and responding Chinese foreign

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<sup>10</sup> Conference transcript, p. 15 (Schomer). Among the products reportedly produced at the plant in Mexico is the heavier "Statesman" wheel sold into the aftermarket by Accuride. Conference transcript, p. 102 (G. Orr). \*\*\*.

<sup>11</sup> Conference transcript, p. 25 (Hampton).

<sup>12</sup> Conference transcript, p. 23 (Hampton).

<sup>13</sup> Based on an estimate submitted by one foreign producer of over 50 million steel wheels produced in China yearly, the six responding foreign producers accounted for 9.3 percent of Chinese production of steel wheels in 2010.

producers expect inventories to continue declining, reaching \*\*\* percent by the end of 2012. These data indicate that Chinese producers have the capability to use inventories as a means to increase shipments to the U.S. market. Inventories of Chinese steel wheels held by importers in the United States increased from 12.5 percent of U.S. shipments in 2008 to 18.8 percent in 2009, before decreasing to 14.8 percent in 2010. These data indicate that importers of steel wheels produced in China also have the capability to use inventories as a means to increase shipments to the U.S. market.

### ***Alternative markets***

\*\*\* of Chinese producers' shipments of steel wheels were to the Chinese home market during 2008-10, increasing from \*\*\* percent in 2008 to \*\*\* percent in 2009, before decreasing to \*\*\* percent in 2010. Shipments to the United States, however, increased steadily from \*\*\* percent in 2008 to \*\*\* percent in 2010. The share of Chinese steel wheel shipments sold to all other markets decreased from \*\*\* percent in 2008 to \*\*\* percent in 2009 before increasing slightly to \*\*\* percent in 2010. Responding Chinese foreign producers expect the share sold to the United States to decrease to \*\*\* percent by 2012, and home market and exports to other countries to increase to make up the difference. Chinese foreign producers of steel wheels reported shipping product to Algeria, Australia, Brazil, Kenya, Mexico, Morocco, Russia, South Africa, South America, the European Union, China, and Asian markets other than China. These data indicate that Chinese steel wheels producers have a strong home market and non-U.S. export markets from which they could shift shipments to the United States. Respondent CCCME reported that demand for Chinese steel wheels is increasing in China, as both the number of trucks increases and as users shift to tubeless wheels.<sup>14</sup>

### **Nonsubject Imports**

Based on official import statistics, the five largest sources of nonsubject imports during 2010 were Mexico, Canada, Germany, Turkey, and Korea. Combined, these countries accounted for more than 90 percent of nonsubject imports of steel wheels in 2010, with Mexico alone accounting for more than two-thirds of nonsubject imports. Mexico's imports increased nearly 95 percent in 2010 compared with 2009, and was largely accounted for by U.S. imports of \*\*\*.<sup>15</sup>

### **U.S. Demand**

Based on available information, steel wheels purchasers are likely to respond to changes in the price of steel wheels with small to moderate changes in their purchases of steel wheels. The main contributing factors to the low to moderate responsiveness of demand are the low cost share in the finished cost of a truck or trailer, their necessity in finished goods, and the higher cost of commercially viable substitute products.

### **End Uses**

U.S. demand for steel wheels depends on the level of demand for steel wheels in new trucks or trailers or demand for steel wheels in repairs to these vehicles. Steel wheels are used on medium and heavy trucks, typically classified in classes 5 through 8, as well as for busses, military vehicles, mobile

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<sup>14</sup> Respondent CCCME's postconference brief, pp. 50-52.

<sup>15</sup> Accuride contends that there may be some discrepancies with these data, as Accuride believes itself to be the sole producer/importer of steel wheels from Mexico. Accuride observes that official imports statistics for entries from Mexico do not match its own import statistics. Conference transcript, p. 66 (Schomer).

construction equipment, frac trailers (a stationary water tank used in oil fields), and other large off-the-road vehicles.

## **Business Cycles**

Both U.S. producers and 21 of 23 importers reported demand for steel wheels followed the general U.S. economic cycle. The domestic industry indicated that demand lags general economic activity by about six to nine months, with economic activity leading to the need to move freight, which increases demand for trucks.<sup>16</sup> Petitioners noted that “The steel wheels industry is tied to the highly cyclical truck build industry.”<sup>17</sup> Respondents concur, noting that truck builds tends to run in seven- or eight-year cycles, with “four to five years of high truck and trailer demand { which is } inevitably offset by two to three year downturns.”<sup>18</sup> According to FTR Associates (“FTR”), a widely recognized trade publication, production “routinely cycles 50% – even in mild recessions.”<sup>19</sup> Accuride submitted historical and predictive (1996-2014) truck data graphs which indicated that production of class 5-8 trucks was increasing in 1996-99, decreasing in 1999-2001, increasing in 2001-06, decreasing in 2006-09, and has been increasing since 2009, and that this increase is predicted to continue into 2013 and 2014.

Both U.S. producers and three importers also reported other factors affecting demand cycles. Those factors noted by these firms were: legislation regarding fuel economy and stopping distance (with one firm noting that there was a run up in production before new EPA requirements became mandatory); demand for vehicles; sales to agricultural markets which tend to cluster in spring and winter; limited access to capital in 2008 and 2009, which led vehicle producers to reduce production; an increased use of steel wheels rather than aluminum wheels in slow economic times; and a significant decline in OEM volume since 2007 causing domestic producers to turn their attention to the smaller OEM customers.

## **Apparent U.S. Consumption**

Available data indicate that apparent U.S. consumption of steel wheels decreased by 29.7 percent from 2008 to 2009 (from 3.5 million wheels to 2.4 million wheels), but increased by 51.9 percent in 2010 (to 3.7 million wheels). Overall, apparent U.S. consumption was 6.8 percent higher in 2010 compared with 2008.

U.S. producers and importers noted that demand for steel wheels followed the general U.S. economic cycle. Quarterly real growth in U.S. GDP is presented in figure II-1. Average forecasts for U.S. real GDP growth are 2.9 percent in 2011 and 3.2 percent in 2012.<sup>20</sup>

In particular, sales of steel wheels in the relevant size range are tied to medium and heavy truck production, as well as trailer production.<sup>21</sup> Monthly U.S. truck build data by ACT Research are presented in figure II-2, which shows the cyclical nature of truck production. Figure II-3 presents yearly truck production for class 5-7 (medium) and class 8 (heavy) trucks starting in 2005, including yearly forecasts

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<sup>16</sup> Conference transcript, pp. 58-59 (Kato and Weisend).

<sup>17</sup> Petitioners’ conference exhibit 1.

<sup>18</sup> Respondent CCCME’s postconference brief, p. 21.

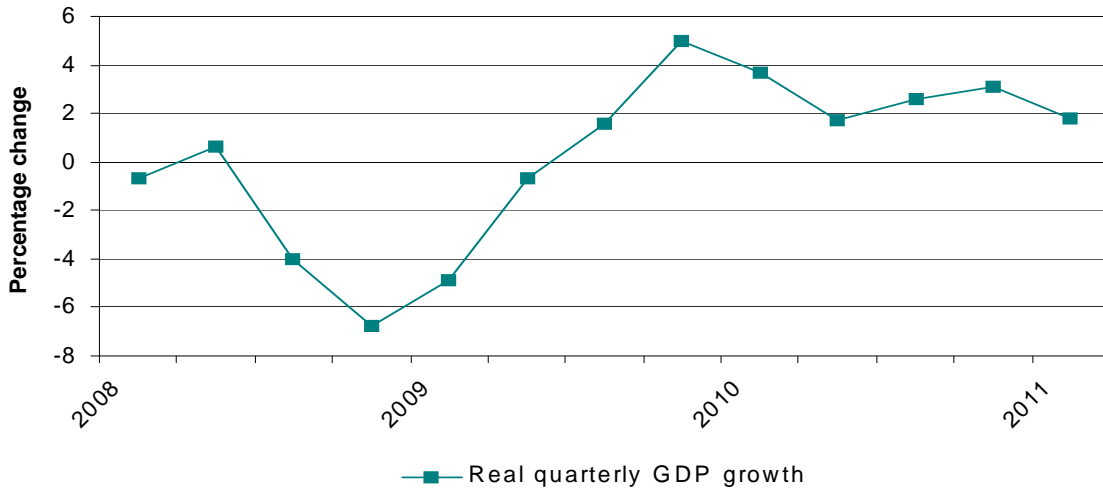
<sup>19</sup> “Truck and Trailer Outlook,” March 2011, FTR Associates, included as respondent CCCME’s postconference brief, exh. 7.

<sup>20</sup> *Blue Chip Economic Indicators*, Vol. 36, No. 4, April 10, 2011. This average or “consensus” rate is derived from monthly interviews of leading business economists and is one of the best known organizations for consensus macroeconomic forecasts. See [http://www.aeaweb.org/RFE/showRes.php?rfe\\_id=35&cat\\_id=](http://www.aeaweb.org/RFE/showRes.php?rfe_id=35&cat_id=), retrieved March 15, 2011.

<sup>21</sup> Medium trucks are classified as Class 5 - 7 trucks. Heavy trucks all are classified under Class 8. Class 8 accounts for approximately the same number of trucks sold as Classes 5 through 7 combined.

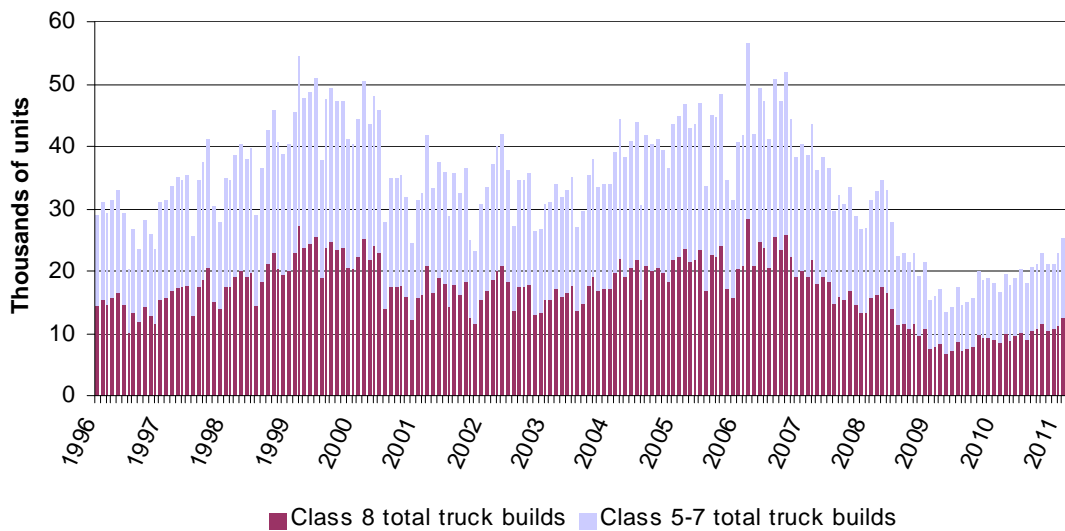
for 2011-16.<sup>22</sup> Trailer production has experienced similar cyclical trends to those in truck production, and are presented in figure II-4.

**Figure II-1**  
**Real U.S. GDP growth: Percentage change, quarterly, January 2008-March 2011**



Source: Bureau of Economic Analysis.

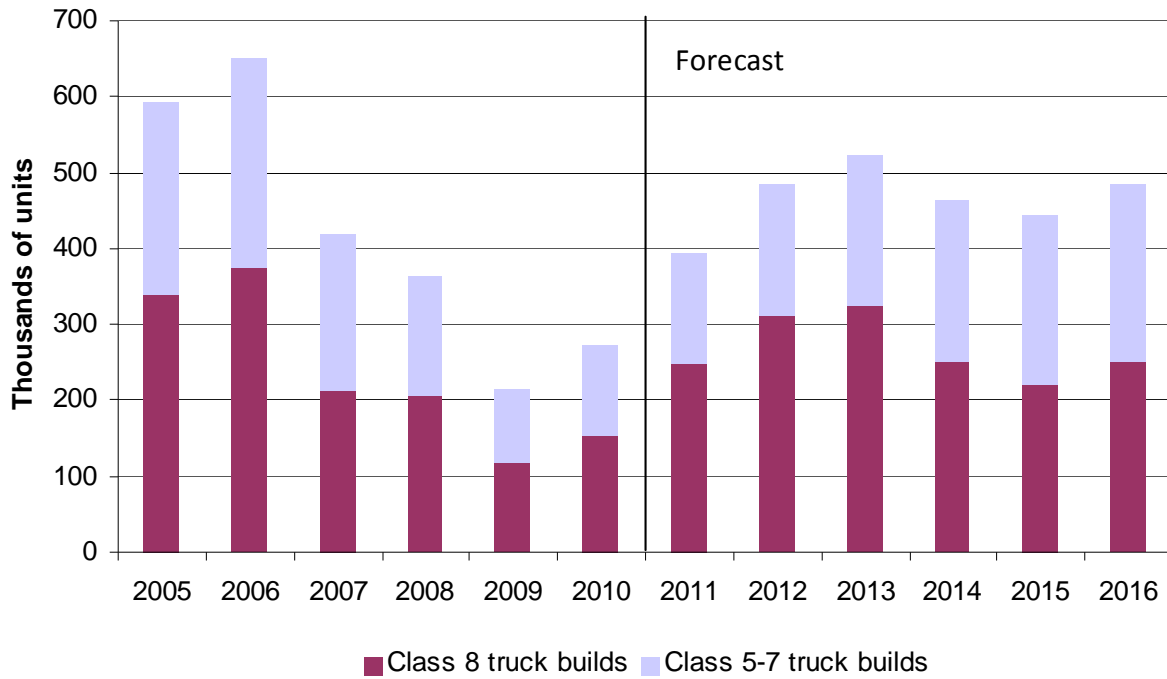
**Figure II-2**  
**U.S. truck production: Class 5-8 truck builds, monthly, January 1996-March 2011**



Source: "ACT N.A. Commercial Vehicle Outlook," ACT Research, April 11, 2011.

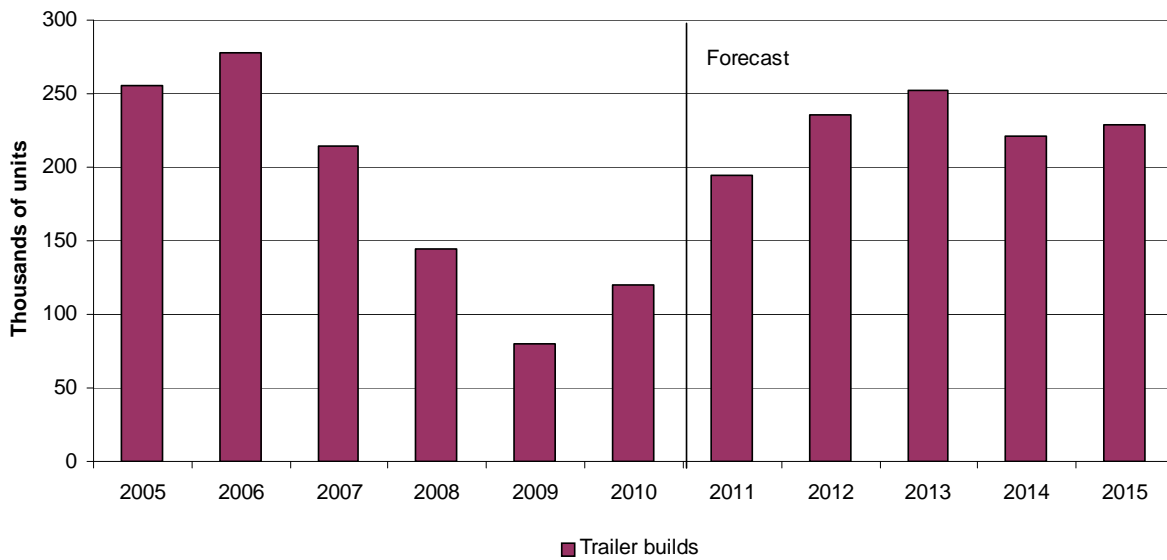
<sup>22</sup> Data are presented before 2008 to show a full truck production cycle, as are data for trailer production.

**Figure II-3**  
**U.S. truck production: Class 5-8 truck builds, yearly, 2005-10, and forecast 2011-16**



Source: "ACT N.A. Commercial Vehicle Outlook," ACT Research, April 11, 2011.

**Figure II-4**  
**U.S. trailer production: Yearly, 2005-10, and forecast 2011-15**



Source: "ACT N.A. Commercial Vehicle Outlook," ACT Research, April 11, 2011.

Accuride stated that it expects 2011 class 8 truck production to be between 220,000 and 235,000 units.<sup>23</sup> This represents an increase of more than 100 percent from the 107,000 Class 8 trucks sold in 2010.<sup>24</sup> Two independent truck research firms have been adjusting their forecasts for 2011 truck orders upward. For example, ACT Research noted that March 2011 truck orders are 159 percent higher than in March 2010, and are the largest monthly truck order since May 2006.<sup>25</sup> FTR reported that:

With solid freight growth, an aged fleet, and rising truck rates, the stage is set for a recovery in new equipment demand. The rebound was modest at first, as truck fleets possessed relatively large numbers of underutilized trucks. However, the stage is now set for a more robust recovery. The strong order intake of the last four months shows confidence is building. Fleets want to modernize their fleets, a process that will take several years. High diesel prices are a threat. Some smaller fleets do not have the surcharge mechanisms to cope with such a strong surge. This may dampen demand, until prices stabilize.<sup>26</sup>

Additionally, truck backlogs have been increasing. According to ACT Research, March 2011 backlogs for medium trucks have increased by 28 percent since March 2010, while backlogs for heavy trucks have increased by 148 percent.<sup>27</sup> It further reported that it does “not see recent order activity as an anomaly, but as the natural outcome to the positive alignment of all Class 8 demand factors. Excluding a major economic shock, we believe that even in the face of higher truck prices, demand will rise dramatically through 2011 and into 2012 as truckers get in line to replace aging equipment.”<sup>28</sup>

Trailer orders have also been increasing. In March 2011, FTR raised its trailer forecast for 2011 to 178,156 trailers, and forecasts 250,000 trailers for 2012 and 280,000 trailers for 2013. In February 2011, ACT Research had forecast 2011 to have a volume of 191,000 trailers. The 2011 forecasts represent a 30 to 60 percent increase over 2010 volumes.<sup>29</sup>

## **Demand Perceptions**

Producers and importers were asked to discuss trends in demand in the United States since January 2008. Both U.S. producers reported that demand had fluctuated, reporting that demand had fallen in 2008 and 2009 but increased in 2010 and 2011.<sup>30</sup> Ten of the 26 responding importers reported that demand had decreased since 2008, 10 reported demand had fluctuated, 5 reported demand was unchanged, and 1 reported demand had increased. In addition to the recession and the subsequent recovery, demand trends were reportedly affected by fuel economy standards, the general trend toward increasing use of aluminum wheels, the cost of raw materials, and increased demand for gas/oilfield equipment.

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<sup>23</sup> “Accuride Corporation Reports Results for Full Year and Q4 2010, Feb. 24, 2011,” included in respondent CCCME’s postconference brief, exh. 11.

<sup>24</sup> Ward’s AutoInfoBank, Ward’s Automotive Group, accessed April 26, 2011.

<sup>25</sup> Respondent CCCME’s postconference brief, pp. 25-26.

<sup>26</sup> “Truck and Trailer Outlook,” FTR Associates, April 2011.

<sup>27</sup> “ACT N.A. Commercial Vehicle Outlook,” ACT Research, April 11, 2011.

<sup>28</sup> Ibid.

<sup>29</sup> Respondent CCCME’s postconference brief, pp. 31-32.

<sup>30</sup> \*\*\* reported that demand had both fluctuated and decreased.

## Substitute Products

Both responding U.S. producers and 10 of 21 responding importers reported that there were substitutes for steel wheels. The only substitute listed was aluminum wheels. Aluminum wheels could be used in the same types of vehicles that use steel wheels. Aluminum wheels are reportedly three times the initial cost of steel wheels, but are approximately 25-30 percent lighter than steel wheels that provide equal load ratings.<sup>31</sup> Petitioners asserted that due to the price difference, there is no competition with steel wheels.<sup>32</sup> However, the use of lighter wheels means lower fuel expenses.<sup>33</sup> Respondent CCCME argued that the cost savings outweigh the initial cost difference over the life of the wheel.<sup>34</sup> They also provide other benefits such as “improved curb appeal,” tire mount/dismount savings, cleaning savings, downtime savings, and increased driver retention.<sup>35</sup> Accuride recently highlighted one of its new aluminum wheels at the Mid-American Trucking Show, noting that its Accu-Lite aluminum wheels are “the lightest and brightest in the industry.”<sup>36</sup>

Aluminum wheels reportedly have been gaining market share at the expense of steel wheels.<sup>37</sup> Respondents assert that \*\*\*.<sup>38</sup>

Most responding firms reported that aluminum wheel prices did not affect the price of steel wheels because they were more expensive. One importer, however, reported that the price of substitutes affected the price of steel wheels, reporting if the price of aluminum wheels fell, the price of steel wheels would also fall.

## Cost Share

Although steel wheels are intended for use on trucks, trailers, and other heavy vehicles, the cost share of final end-use products accounted for by steel wheels depends greatly upon the defined end use. Importers and producers estimate the percentage of the total cost of steel wheels in end uses ranged from a high of 40 percent for wheel/tire assemblies, 20 to 15 percent for a tire mounted and installed on a truck of a trailer, 6 to 2 percent of the cost of trailers, and a low of less than 1 percent of the cost of a semi-truck.

## SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel wheels depends upon such factors as relative prices, quality, weight, and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff

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<sup>31</sup> Conference transcript, p. 144 (T. M. Cunningham). Despite being lighter, aluminum wheels can carry the same load weights and, like steel wheels, theoretically should last forever. Conference transcript, p. 61 (Caulfield) and p. 145 (T. M. Cunningham).

<sup>32</sup> Conference transcript, p. 33 (Schagrin).

<sup>33</sup> Accuride and Alcoa are the two main producers of aluminum wheels in the United States. Alcoa includes on its website a function to calculate approximate fuel or other cost savings from purchasing aluminum wheels in place of steel wheels, with savings which could amount to thousands of dollars. Respondent CCCME’s postconference brief, p. 17.

<sup>34</sup> Respondent CCCME’s postconference brief, p. 18.

<sup>35</sup> Respondent CCCME’s postconference brief, p. 17 and conference transcript, p. 105 (G. Orr).

<sup>36</sup> Accuride News Release, March 30, 2011, included in respondent CCCME’s posthearing brief as exh. 2.

<sup>37</sup> Conference transcript, p. 14 (Lowe) and p. 33 (Schagrin).

<sup>38</sup> Respondent CCCME’s posthearing brief, pp. 19-20 and exh. 3.



believes that overall there is a moderate to high degree of substitutability between domestically produced steel wheels and steel wheels imported from China.

### **Lead Times**

U.S. producers sold \*\*\* percent of their steel wheels on a produced-to-order basis, with the remainder being sold from inventory. Eight of the 17 responding importers mainly sold produced-to-order steel wheels, seven sold mainly from U.S. inventories, and two sold mainly from foreign inventories. Accuride reported typical lead times from inventories are \*\*\* days, and produced to order are both \*\*\* days. Hayes Lemmerz reported shorter lead times for produced-to-order steel wheels (\*\*\*) than from inventories (\*\*\*). Importers reported that lead times from U.S. inventories ranged from 2 to 7 days, lead times from foreign inventories ranged from 38 to 70 days, and lead times for produced-to-order steel wheels ranged from 24 to 120 days, with 6 of the 12 responding importers reporting lead times of 60 to 90 days.<sup>39</sup>

### **Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports**

Producers and importers were asked how frequently steel wheels produced in the United States and China were interchangeable. \*\*\* responding U.S. producers and a majority of importers reported that the domestic and Chinese products are “always” or “frequently” interchangeable (table II-3).

At least half of producers and importers reported that product from different nonsubject countries were either “always” or “frequently” interchangeable with product from China (table II-3). \*\*\* indicated that steel wheels across all countries are always interchangeable. \*\*\* noted that for a number of comparisons, i.e., those with respect to Germany and other nonsubject countries, steel wheels are only sometimes interchangeable, due to differences in the diameter of the bolt circle used for mounting the wheel.

Most U.S. producers and importers reported that product from nonsubject countries (other than Germany) was “always” or “frequently” interchangeable with U.S. and Chinese product. Furthermore, importers perceive that the most frequently interchangeable steel wheels used in the U.S. market are those produced in North American countries. Four importers stated that different regulations among countries (noted with respect to Germany) and/or differing specifications (e.g., the diameter of the bolt circle) may hinder interchangeability. Two importers noted that steel wheels from different manufacturers would have minor differences, with pieces from different manufacturers needing to be measured to prevent performance or safety concerns. Importer \*\*\* reported that in order to be interchangeable, steel wheels are required to be the same design, material, quality, print quality, and come from a qualified supplier, a process which takes 1-2 years.

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<sup>39</sup> \*\*\*.

**Table II-3**  
**Steel wheels: Perceived interchangeability between steel wheels produced in the United States and steel wheels produced in other countries<sup>1</sup>**

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	***	***	***	***	8	3	4	3
U.S. vs. Canada	***	***	***	***	10	6	2	1
U.S. vs. Germany	***	***	***	***	4	1	5	3
U.S. vs. Mexico	***	***	***	***	9	4	1	1
China vs. Canada	***	***	***	***	5	4	1	2
China vs. Germany	***	***	***	***	5	1	4	1
China vs. Mexico	***	***	***	***	5	3	1	2
Canada vs. Germany	***	***	***	***	4	0	3	3
Canada vs. Mexico	***	***	***	***	7	3	1	0
Germany vs. Mexico	***	***	***	***	4	1	2	3
U.S. vs. other nonsubject	***	***	***	***	5	2	3	1
China vs. other nonsubject	***	***	***	***	4	3	2	0
Canada vs. other nonsubject	***	***	***	***	4	0	3	0
Germany vs. other nonsubject	***	***	***	***	4	0	3	0
Mexico vs. other nonsubject	***	***	***	***	4	0	3	0

<sup>1</sup> Producers, importers and purchasers were asked if differences other than price between steel wheels produced in the United States and in other countries were a significant factor in their sales of the products.

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

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

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of steel wheels from the United States, China, or a number of nonsubject countries (table II-4). The U.S. producers reported that differences other than price were \*\*\* important for any country combination. Responses by importers were more mixed. When comparing the United States to China, “sometimes” was the most frequent response with eight firms, however, the next largest number of importers, five reported there were “always” differences. In contrast, when comparing U.S. and Chinese product with nonsubject product, “sometimes” and/or “never” were the most common responses.

**Table II-4**

**Steel wheels: Perceived significance of differences other than price between steel wheels produced in the United States and steel wheels produced in other countries<sup>1</sup>**

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. China	***	***	***	***	5	1	8	3
U.S. vs. Canada	***	***	***	***	2	1	5	5
U.S. vs. Germany	***	***	***	***	1	0	3	4
U.S. vs. Mexico	***	***	***	***	0	0	3	5
China vs. Canada	***	***	***	***	1	0	6	3
China vs. Germany	***	***	***	***	0	0	3	3
China vs. Mexico	***	***	***	***	0	0	4	4
Canada vs. Germany	***	***	***	***	0	1	2	3
Canada vs. Mexico	***	***	***	***	0	0	2	4
Germany vs. Mexico	***	***	***	***	0	1	2	3
U.S. vs. Other	***	***	***	***	1	1	7	1
China vs. nonsubject	***	***	***	***	0	0	4	3
Canada vs. nonsubject	***	***	***	***	1	1	2	1
Germany vs. nonsubject	***	***	***	***	0	1	1	2
Mexico vs. nonsubject	***	***	***	***	0	1	2	1

<sup>1</sup> Producers and importers were asked if differences other than price between steel wheels produced in the United States and in other countries were a significant factor in their sales of the products.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never. Not all firms responded for all country pairs.

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

Importers reported a number of differences other than price. Importers noted differences in lead times, availability, commercial/customer support, name brand recognition, differences in product range, and perceived differences in quality. One importer, \*\*\*, noted that its wheels are purely for off-highway, low-speed applications such as construction and material handling (forklift) machinery, and are not “D.O.T. approved,”— wheels that Accuride and Hayes Lemmerz do not manufacture domestically. Another importer, \*\*\*, stated that most of its customers cannot buy steel wheels from Accuride or Hayes Lemmerz because neither domestic wheel maker will establish direct customer/supplier relationship with them. Importer \*\*\* stated that the major OEMs will not entertain an import wheel due to uncertainties in perceived quality, lead times, and customer support regardless of price. Importer \*\*\* stated that for its Chinese wheels, the packaging and paint are better than domestic product, the gross axle weight rating is higher, and that its wheels are sold with the valve stem included.

At the staff conference, it was noted that imported Chinese steel wheels are typically heavier than wheels produced in the United States. Respondents noted that “. . . Accuride and Hayes specialize in

lighter weight wheels; that is, wheels weighing less than 75 pounds. These lighter weight wheels offer a significant weight reduction benefit to truckers as they weigh 68 to 70 pounds compared to the much heavier 82, 83 pound wheels imported from China.”<sup>40</sup> Indeed, based on the quarterly pricing data presented in Part V, the weighted average weight of wheels imported from China was 85.8 pounds in 2008-10. For domestically produced wheels, this figure is \*\*\* pounds.<sup>41</sup> As noted previously with respect to aluminum wheels, lighter wheels can offer long-term benefits in terms of better fuel economy. Purchasers look for the lightest weight wheel, in particular large OEM purchasers.<sup>42</sup> One purchaser noted that Accuride is producing the lightest weight wheel, and charging a 7 to 8 percent premium for the lower weight.<sup>43</sup> A couple of manufacturers in China are developing a lighter weight wheel, and may start production in 2011.<sup>44</sup>

One further difference noted by respondents is the inability or unwillingness of domestic producers to supply certain purchasers with steel wheels.<sup>45</sup> Since the conference, \*\*\*.<sup>46</sup> According to importer \*\*\*.<sup>47</sup>

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<sup>40</sup> Conference transcript, p. 136 (Rogers).

<sup>41</sup> \*\*\*.

<sup>42</sup> Staff telephone interview with \*\*\*, and conference transcript, p. 108 (T. M. Cunningham).

<sup>43</sup> Staff telephone interview with \*\*\*. \*\*\*. Ibid. \*\*\*. Petitioners’ postconference brief, p. 17.

<sup>44</sup> Ibid., and petitioners’ postconference brief, exhs. 17 and 18.

<sup>45</sup> Conference transcript, pp. 100 and 103 (G. Orr), pp. 110 and 111 (T. M. Cunningham), p. 112 (Walker), and respondent AWS’s postconference brief, pp. 11-12.

<sup>46</sup> Respondent AWS’s postconference brief, p. 12 and exh. 5.

<sup>47</sup> Email from \*\*\*.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume of imports of the subject merchandise is presented in *Part IV*. Information regarding pricing of domestic and subject merchandise is presented in *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of two firms that accounted for more than \*\*\* percent of U.S. production of steel wheels during 2010.

#### **U.S. PRODUCERS**

The Commission sent producer questionnaires to the petitioners (Accuride and Hayes Lemmerz) and to one additional firm (Titan Wheel Corp. ("Titan")). Completed questionnaire responses were received from petitioners Accuride and Hayes Lemmerz.

Accuride, headquartered in Evansville, IN, identifies itself as one of the largest and most diversified manufacturers and suppliers of commercial vehicle components in North America. Its products include commercial vehicle wheels, wheel-end components and assemblies, truck body and chassis parts, and other commercial vehicle components. The firm states that it holds a prominent North American market position in the production of steel wheels, forged aluminum wheels, brake drums, disc wheel hubs, and metal bumpers in commercial vehicles. The company produces steel wheels (18" - 24.5" nominal diameter) in a plant in Henderson, KY, and also operates a heavy-duty truck aluminum wheel plant in Erie, PA. Accuride has steel wheel production facilities not only in the United States, but also in Canada and Mexico, because, as the firm explained, many of its customers have facilities all three countries. The firm has domestic distribution warehouses for its products located in Indianapolis, IN.<sup>1</sup>

Hayes Lemmerz claims to be the world's largest producer of automotive and commercial highway steel and aluminum wheels. The company has 20 facilities located in 12 different countries.<sup>2</sup> Hayes Lemmerz operates steel wheel production facilities in the Americas (the United States and Brazil) and has affiliated steel wheel companies in Germany, India, Spain, and Turkey.<sup>3</sup> Hayes Lemmerz currently operates two steel wheel facilities in the United States—one in Sedalia, MO, and one in Akron, OH.<sup>4</sup> The Sedalia, MO plant produces 14- to 18-inch steel wheels for passenger cars and light trucks (e.g., Ford F Series trucks).<sup>5</sup> The facility in Akron, OH manufactures primarily 22.5- and 24.5-inch steel wheels for heavy-duty truck applications and wheels for various military vehicles.<sup>6</sup>

A subsidiary of Titan International, Inc., Titan Wheel claims to be the world's largest manufacturer of off-highway wheels. Headquartered in Quincy, IL, Titan's primary markets for its steel

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<sup>1</sup> Conference transcript, p. 15 (Schomer); Respondent CCCME's postconference brief, p. 14; Petitioners' postconference brief, p. 11; and Accuride Corp., Form 10-K, *Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Fiscal Year Ended December 31, 2010*, pp. 3-4.

<sup>2</sup> Hayes Lemmerz company website, <http://www.hayes-lemmerz.com/>.

<sup>3</sup> Conference transcript, p. 25 (Hampton).

<sup>4</sup> Hayes Lemmerz also operated as many as five aluminum wheel facilities in the United States, but all have been closed in the last decade. The last of these plants was closed in 2008. Conference transcript, p. 23 (Hampton).

<sup>5</sup> Approximately 15 percent of the production at Hayes Lemmerz's Sedalia, MO facility are 18-inch steel wheels for the light truck applications. Conference transcript, p. 53 (Kato).

<sup>6</sup> Conference transcript, p. 23 (Hampton).

wheels include agriculture, earthmoving/construction, and consumer applications.<sup>7</sup> However, industry participants testified that Titan specializes in much larger tires and steel wheels than the sizes of wheels that are the subject of these investigations. The company generally produces steel wheels and tires for use with very large, off-the-road excavation tractors and other types of big, off-the-road vehicles. Because of their specialty in those tires, the firm also makes its own steel wheels to be paired with its tires. Titan's major business is in steel wheels larger than 24.5 inches in diameter. Interested parties testified that the small-size end of Titan's production range is the very largest of the range of the scope of these investigations.<sup>8</sup>

Presented in table III-1 is a list of current domestic producers of steel wheels and each company's position on the petition, production location(s), related and/or affiliated firms engaged in the production of 18" - 24.5" steel wheels, and share of reported production of steel wheels in 2010.

**Table III-1**  
**Steel wheels: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production**

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of 2010 production (percent)
Accuride	Petitioner	Henderson, KY	<ul style="list-style-type: none"> <li>• Canada: Accuride Canada (***)</li> <li>• Mexico: Accuride de Mexico (***)</li> </ul>	***
Hayes Lemmerz	Petitioner	Akron, OH Sedalia, MO	<ul style="list-style-type: none"> <li>• Brazil: Borlem S.A. Empreendimentos Industriais (***)</li> <li>• Germany: Hayes Lemmerz Werke GmbH (***)</li> <li>• India: Kalyani Hayes Lemmerz Limited (***)</li> <li>• Spain: Hayes Lemmerz Manresa S.L. (***)</li> <li>• Turkey: Hayes Lemmerz Jantas Jant Sanayi ve Ticaret A.S. (***)</li> </ul>	***
Titan	( <sup>1</sup> )	Quincy, IL	( <sup>1</sup> )	***

<sup>1</sup> Titan did not provide a timely response to the Commission's questionnaire in these investigations. Therefore, its production estimate for 2010 is included in this table but no other data were provided.

Note.—Because of rounding, shares may not total to 100.0 percent.

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

As indicated in table III-1, both petitioners are related to foreign producers of steel wheels in nonsubject countries. In addition, as discussed in greater detail below, both petitioners directly import steel wheels from nonsubject sources. None of the U.S. producers of steel wheels are related to foreign producers of steel wheels in China and none directly import or domestically purchase imports of subject steel wheels from China. Also, neither firm reported production of steel wheels in a foreign trade zone.

<sup>7</sup> Titan company website, <http://www.titan-intl.com/content/titan-wheel>.

<sup>8</sup> Conference transcript, p. 50 (Schagrin).

## U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for steel wheels are presented in table III-2. Accuride, which accounted for \*\*\* of total domestic capacity to produce steel wheels, reported no changes to its capacity level during 2008-10. However, because of declines in capacity reported by Hayes Lemmerz, total domestic steel wheel capacity fell by \*\*\* percent during 2008-10. Hayes Lemmerz reported that its decline in capacity was the result of \*\*\*. Domestic production of steel wheels fell from 2008 to 2009, but increased in 2010 to a level that was \*\*\* percent below that reported for 2008. Capacity utilization reported by the U.S. producers of steel wheels fell by \*\*\* percentage points from \*\*\* percent in 2008 to \*\*\* percent in 2009 but rebounded by \*\*\* percentage points to \*\*\* percent in 2010.

**Table III-2**  
**Steel wheels: U.S. capacity, production, and capacity utilization, 2008-10**

\* \* \* \* \*

The domestic steel wheel producers were asked in Commission questionnaires to describe the constraints that set the limit on their production capacity for steel wheels. \*\*\* indicated that the \*\*\* operation was the constraint limiting the current production capacity of \*\*\* steel wheel facilities. Accuride indicated that \*\*\* products it produces at its facility in Henderson, KY are steel wheels measuring 18 to 24.5 inches in nominal diameter. The domestic producer reported that “\*\*\*.” Hayes Lemmerz reported that it produces \*\*\* commercial highway steel wheels measuring 18 to 24.5 inches in nominal diameter at its production facility in Akron, OH, and that it produces 18-inch steel wheels, as well as smaller sizes of steel wheels, at its facility in Sedalia, MO. Hayes Lemmerz reported that the different wheels that it produces at its facility in Sedalia, MO, are “\*\*\*.” The firm reported that greater than \*\*\* percent of the steel wheels that it produces at its facility in Sedalia, MO, are steel wheels measuring less than 18 inches in nominal diameter. On the other hand, the company reported that the production capacity at its facility in Akron, OH, \*\*\* between the products ranging from 18 to 24.5 inches “\*\*\*.”

In the Commission's questionnaire, U.S. producers were asked if 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 steel wheels since January 1, 2008. \*\*\* reported such changes; their responses to this inquiry are presented in table III-3. Although both domestic producers filed petitions for relief under Chapter 11 of the Bankruptcy Code during the period examined in the preliminary phase of these investigations, both indicated that the proceedings did not negatively affect the firms' ability to operate and make timely shipments of steel wheels to its customers.<sup>9</sup>

Accuride reported that it \*\*\* regarding the production of 18 to 24.5 inch steel wheels. Hayes Lemmerz indicated that its facility in Sedalia, MO, \*\*\*.

**Table III-3**  
**Steel wheels: U.S. producers' comments concerning changes in the character of operations**

\* \* \* \* \*

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<sup>9</sup> Conference transcript, pp. 72-75 (Schomer and Kato).

## U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of steel wheels are presented in table III-4. Accuride and Hayes Lemmerz accounted for \*\*\* percent and \*\*\* percent of U.S. shipments in 2010, respectively. Domestic producers' U.S. shipments of steel wheels fell, in terms of both quantity and value, from 2008 to 2009, but increased in 2010 to a level below that reported for 2008. Both domestic producers individually reported similar trends from 2008 to 2010. Overall, domestic producers' U.S. shipments, in terms of quantity, fell by \*\*\* percent from 2008 to 2010, whereas export shipments by domestic producers, in terms of quantity, fell by \*\*\* percent from 2008 to 2010. The unit value of U.S. producers' U.S. shipments fell from \$\*\*\* per wheel in 2008 to \$\*\*\* per wheel in 2010. The unit value of exports were higher than the unit value of U.S. shipments, ranging from a period low of \$\*\*\* per wheel in 2010 to a period high of \$\*\*\* per wheel in 2009. The domestic commercial market accounted for \*\*\* of the U.S. producers' U.S. shipments of steel wheels and for greater than \*\*\* percent of the U.S. producers' total shipments of steel wheels throughout the period for which data were collected in these investigations. By 2010, U.S. producers' U.S. shipments of steel wheels accounted for \*\*\* percent of total shipments. The primary export markets reported by both Accuride and Hayes Lemmerz were \*\*\*.

**Table III-4**  
**Steel wheels: U.S. producers' shipments, by types, 2008-10**

\* \* \* \* \*

## U.S. PRODUCERS' INVENTORIES

Data collected in these investigations on domestic producers' end-of-period inventories of steel wheels are presented in table III-5. U.S. producers' end-of-period inventories, which were equivalent to between \*\*\* and \*\*\* percent of U.S. producers' total shipments during 2008-10, fell overall in terms of quantity by \*\*\* percent from 2008 to 2010.

**Table III-5**  
**Steel wheels: U.S. producers' end-of-period inventories, 2008-10**

\* \* \* \* \*

## U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of steel wheels are presented in table III-6. Neither Accuride nor Hayes Lemmerz reported direct imports or purchases of imports of subject steel wheels from China. As shown, however, \*\*\* made domestic purchases of steel wheels and directly imported steel wheels from countries other than China during the period for which information was collected in these investigations. \*\*\*.<sup>10</sup>

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<sup>10</sup> Although unrelated, Hayes Lemmerz has had technical assistance agreements with Cofre, a steel and aluminum wheel manufacturer in Colombia. Hayes Lemmerz, 10-K405 SEC Filing, April 18, 2000, <http://sec.edgar-online.com/hayes-lemmerz-international-inc/10-k405-annual-report-regulation-s-k-item-405/2000/04/18/section3.aspx>.



**Table III-6**  
**Steel wheels: U.S. producers' imports and purchases, 2008-10**

\* \* \* \* \*

Domestic producer Accuride reported \*\*\*. The firm also indicated that since it produces and sells the same steel wheels in the United States as it produces in Mexico, it sells its Mexican-produced steel wheels in the United States at the same price it sells its domestically produced product.<sup>11</sup> Furthermore, Accuride reported \*\*\*.

Domestic producer Hayes Lemmerz reported \*\*\*. Hayes Lemmerz also reported \*\*\*.

The respondent interested parties have argued in these investigations that domestically produced steel wheels have been displaced by the U.S. producers' nonsubject imports from affiliated firms and that the domestic producers have chosen to supplement their U.S. production of steel wheels with imports from affiliated firms because they do not have the capacity in the United States to meet the existing demand for steel wheels in the subject size ranges.<sup>12</sup> In 2010, Accuride and Hayes Lemmerz together reported direct U.S. imports and domestic purchases of \*\*\* units of nonsubject steel wheels, whereas total reported U.S. imports of nonsubject steel wheels amounted to \*\*\* units. The combined capacity to produce steel wheels in the United States by the two domestic producers was \*\*\* in 2010. Operating at \*\*\* percent of capacity in that year, the domestic producers' unused capacity amounted to \*\*\* units.

### **U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY**

The U.S. producers' aggregate employment data for steel wheels are presented in table III-7. In the aggregate, U.S. steel wheel producers reported an overall decline of \*\*\* percent in the number of production and related workers employed in the manufacture of steel wheels during 2008-10. All other employment indicators presented, with the exception of hourly wages and productivity showed an overall decline from 2008 to 2010. From 2008 to 2009, all employment indicators presented showed a decline, whereas from 2009 to 2010, the number of employees and unit labor costs fell, while the remaining employment indicators presented increased.

Accuride reported \*\*\*. Hayes Lemmerz indicated \*\*\*.

**Table III-7**  
**Steel wheels: U.S. producers' employment-related data, 2008-10**

\* \* \* \* \*

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<sup>11</sup> Conference transcript, pp. 34 (Schagrín) and 57 (Schomer).

<sup>12</sup> Conference transcript, p. 119 (Walker); and Respondent AWS's postconference brief, p. 9.



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

### U.S. IMPORTERS

Importer questionnaires were sent to 82 firms believed to be importers of subject steel wheels (18” - 24.5” nominal diameter), including U.S. producers of such steel wheels.<sup>1</sup> Usable questionnaire responses were received from 29 companies, representing an estimated two-thirds of total imports in 2010.<sup>2</sup> Table IV-1 lists all responding U.S. importers of steel wheels from China and other sources, their locations, and their shares of U.S. imports, in 2010. As the table illustrates, \*\*\* were the largest importers of the subject merchandise. These three firms together accounted for approximately \*\*\* of total reported subject U.S. imports from China in 2010. \*\*\* were the largest importers of steel wheels from nonsubject countries (primarily Mexico and Canada), accounting for \*\*\* percent of total reported U.S. imports from all nonsubject countries in 2010.<sup>3</sup>

**Table IV-1**  
**Steel wheels: U.S. importers, sources of imports, U.S. headquarters, and shares of imports in 2010**

\* \* \* \* \*

### U.S. IMPORTS

As previously indicated in *Part I* of this report, the imported steel wheels subject to these investigations are reported under HTS statistical reporting numbers 8708.70.0500 (road wheels for tractors (except road tractors) suitable for agricultural use), 8708.70.2500 (road wheels for tractors (except road tractors) other than for agricultural use (e.g., construction use)), and 8708.70.4530 (road wheels for other vehicles of subheading 8701.20 or heading 8702, 8704 or 8705).<sup>4</sup> All U.S. imports reported under HTS statistical reporting number 8708.70.4530 fall within the scope description of these investigations. A substantial amount of wheels that fall within the scope description also enter the United States under HTS statistical reporting numbers 8708.70.0500 and 8708.70.2500; however only a portion of the total merchandise that enters the United States under these two HTS numbers falls within the scope description. Therefore, a presentation of U.S. imports based on HTS statistical reporting number 8708.70.4530 would result in the underreporting of U.S. imports of steel wheels of 18” - 24.5” in diameter; however, a presentation of import data based on all three HTS statistical reporting numbers would result in an overstatement of such imports.

At the Commission’s conference in these investigations, all parties were asked to comment on the appropriate basis for the presentation of U.S. imports. In their postconference briefs, the parties

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<sup>1</sup> The Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have imported a measurable amount of steel wheels in any one year since 2008.

<sup>2</sup> The Commission received questionnaire responses from 28 additional firms indicating that they had not imported steel wheels of 18” - 24.5” in diameter during 2008-10. Two firms provided unusable questionnaire responses, two firms could not be located for delivery of the importers’ questionnaire, and 21 firms did not respond to the Commission’s request for information.

<sup>3</sup> \*\*\*.

<sup>4</sup> HTS subheading 8701.20 covers tractors for semi-trailers. Headings 8702, 8704, and 8705 cover buses, trucks, and other special purpose vehicles (e.g., tow trucks, fire trucks, and concrete mixers), respectively. Petitioners’ postconference brief, p. 2.

generally agreed that the Commission should base the presentation of U.S. import data on the data provided by U.S. importers in their responses to the Commission's importer questionnaire.<sup>5</sup> The petitioners added that the U.S. import data as reported in the importer questionnaire responses should be upwardly adjusted based on the foreign producer questionnaire responses that identify specific levels of exports to the United States by importers who have not responded to the importer questionnaire. The petitioners listed seven U.S. importers identified in the questionnaire responses of certain Chinese producers that had not responded to the Commission's importer questionnaire and provided suggested adjustments to the data to account for these seven firms.<sup>6</sup> Since the filing of the petitioners' postconference brief, however, four of those seven importing firms provided complete responses to the Commission's importer questionnaire.<sup>7</sup> The remaining three non-responding U.S. importers are reported by the Chinese producers to have accounted for a relatively minor share of each foreign producer's total exports of subject merchandise to the United States in 2010.<sup>8</sup> Therefore, the U.S. import data presented in the body of this report are based solely on the data provided in response to the Commission's importer questionnaire and do not include an upward adjustment to the import data as suggested by the petitioners. For comparison purposes, official U.S. import statistics are presented separately in appendix C at table C-2 (HTS statistical reporting number 8708.70.4530) and C-3 (for statistical reporting numbers 8708.70.0500 and 8708.70.2500).

Table IV-2 presents data for U.S. imports of steel wheels from China and all other sources. During 2008, China was the largest source of U.S. imports, accounting for \*\*\* percent of the total quantity of reported U.S. imports of steel wheels. Mexico was the second largest source of U.S. imports in 2008, accounting for \*\*\* percent of total quantity of reported U.S. imports of steel wheels. However, by 2009, Mexico surpassed China and became the leading foreign supplier of steel wheels to the United States, accounting for \*\*\* percent of total reported U.S. imports of steel wheels in 2009 and \*\*\* percent in 2010. China's share of total reported U.S. imports of steel wheels was \*\*\* percent in 2009 and \*\*\* percent in 2010. The quantity of U.S. imports from China fell by 53.4 percent from 516,000 units in 2008 to 240,000 units in 2009, but increased by 112.1 percent to 509,000 units in 2010--a level 1.4 percent below that reported in 2008. The unit values of steel wheel imports from China generally fell from \$60.68 per unit in 2008 to \$49.52 per unit in 2010. The unit value of steel wheels from China were consistently lower than the leading nonsubject import sources of steel wheels, although the difference between the average unit values of U.S. imports from China and Mexico narrowed markedly in 2010.

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<sup>5</sup> Petitioners' postconference brief, p. 1; and Respondent CCCME's postconference brief, pp. 31-32.

<sup>6</sup> Petitioners' postconference brief, pp. 1-6.

<sup>7</sup> \*\*\* provided importer questionnaire responses after the due date for party postconference briefs.

<sup>8</sup> Chinese producer \*\*\* reported that U.S. importer \*\*\* accounted for \*\*\* percent of its 2010 exports of subject merchandise to the United States (i.e., \*\*\* units). Chinese producer \*\*\* reported that U.S. importer \*\*\* accounted for \*\*\* percent of its 2010 exports to the United States (i.e., \*\*\* units). Chinese producer \*\*\* reported that U.S. importer \*\*\* accounted for \*\*\* percent of its 2010 exports to the United States (i.e., \*\*\* units).

**Table IV-2**  
**Steel wheels: U.S. imports, by sources, 2008-10**

Source	Calendar year		
	2008	2009	2010
<b>Quantity (1,000 units)</b>			
China	516	240	509
Nonsubject sources:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other <sup>1</sup>	***	***	***
Subtotal, nonsubject sources	***	***	***
Total, all U.S. imports	***	***	***
<b>Value (1,000 dollars)<sup>2</sup></b>			
China	31,314	11,808	25,212
Nonsubject sources:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other <sup>1</sup>	***	***	***
Subtotal, nonsubject sources	***	***	***
Total, all U.S. imports	***	***	***
<b>Unit value (per unit)<sup>2</sup></b>			
China	\$60.68	\$49.23	\$49.52
Nonsubject sources:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other <sup>1</sup>	***	***	***
Subtotal, nonsubject sources	***	***	***
Total, all U.S. imports	***	***	***

Table continued on following page.

**Table IV-2--Continued**  
**Steel wheels: U.S. imports, by sources, 2008-10**

Source	Calendar year		
	2008	2009	2010
<b>Share of quantity (percent)</b>			
China	***	***	***
Nonsubject sources:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other <sup>1</sup>	***	***	***
Subtotal, nonsubject sources	***	***	***
Total, all U.S. imports	100.0	100.0	100.0
<b>Share of value (percent)</b>			
China	***	***	***
Nonsubject sources:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other <sup>1</sup>	***	***	***
Subtotal, nonsubject sources	***	***	***
Total, all U.S. imports	100.0	100.0	100.0
<sup>1</sup> All other nonsubject sources include Brazil, Colombia, India, Japan, South Africa, Sri Lanka, and Turkey. <sup>2</sup> Landed, U.S. port of entry, duty-paid.			
Source: Compiled from data submitted in response to Commission questionnaires.			

## NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.<sup>9</sup> Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. The petition in these investigations was filed on March 30, 2011. Because the subject steel wheels enter the United States under “basket” HTS categories, the official import statistics for the most recent 12-month period that precedes the filing of the petition (March 2010-February 2011) are not presented as the data. However, during calendar year 2010, subject imports of steel wheels from China were far greater than the 3-percent negligibility threshold, accounting for \*\*\* percent of total imports of steel wheels by quantity.

## APPARENT U.S. CONSUMPTION

Demand for steel wheels is dependent on the performance of the industries that use the wheels. These industries, in turn, are directly affected by general economic conditions, gas prices, interest rates, government regulations, and consumer spending. Conference testimony indicates that domestic consumption of steel wheels generally lags the general economic activity in the United States by six to nine months. The commercial trucking industry, which is the largest domestic consumer of steel wheels of 18” - 24.5” in diameter, is a highly cyclical industry that has historically endured significant fluctuations in demand. This industry has typically experienced a seven-year demand cycle, which has included four to five years of high demand offset by a two to three year decline. Relatively strong conditions for the commercial truck and trailer industry were reported from 2004 to 2006; however, a marked decline began during the second quarter of 2007. The bottom of the cycle occurred in 2009 when demand for commercial trucks and trailer dropped to its lowest level. During 2010, commercial vehicle production levels rose and further increases are expected throughout 2011-13 as general economic conditions continue to become more favorable.<sup>10</sup>

Data concerning apparent U.S. consumption of steel wheels during the period for which data were collected are shown in table IV-3 and figure IV-1. The U.S. consumption data presented are calculated based on U.S. producers’ and U.S. importers’ U.S. shipments of steel wheels as compiled from Commission questionnaire responses. In terms of quantity, U.S. consumption of steel wheels fell by 29.7 percent from 3.5 million units in 2008 to 2.4 million units in 2009 but increased by 51.9 percent to 3.7 million units in 2010. As the demand for steel wheels is highly dependent of the performance of the commercial vehicle industry, the trend in apparent U.S. consumption steel wheels has closely followed the trend for commercial vehicle production. This trend is expected to continue over the next several years. In fact, respondents argued that the demand for steel wheels over the next three to four years is expected to “be substantially greater than domestic producers’ supply capability.”<sup>11</sup> During 2010, apparent U.S. consumption of steel wheels (3.7 million units) was equivalent to \*\*\* percent of U.S. producers’ domestic capacity (\*\*\*) units).

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<sup>9</sup> Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

<sup>10</sup> Respondent AWS’s postconference brief, pp. 14-15; petitioners’ postconference brief, p. 2; Accuride Corp., Form 10-K for the Year Ended December 31, 2010, pp. 15-16; Respondent TTT’s postconference brief, pp. 13-14; Respondent CCCME’s postconference brief, p. 19-21, 27, and 33; and conference transcript, p. 59 (Weisend).

<sup>11</sup> Conference transcript, p. 129 (Rogers).

**Table IV-3**  
**Steel wheels: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2008-10**

Item	Calendar year		
	2008	2009	2010
<b>Quantity (1,000 units)</b>			
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from— China	436	220	433
Nonsubject countries:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
Other nonsubject countries <sup>1</sup>	***	***	***
Subtotal, nonsubject countries	***	***	***
Total, U.S. shipments of imports	***	***	***
Apparent U.S. consumption	3,469	2,437	3,703
<b>Value (1,000 dollars)</b>			
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from— China	29,746	13,785	25,743
Nonsubject countries:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
Other nonsubject countries <sup>1</sup>	***	***	***
Subtotal, nonsubject countries	***	***	***
Total, U.S. shipments of imports	***	***	***
Apparent U.S. consumption	235,979	159,344	213,659
<sup>1</sup> Other nonsubject countries include Brazil, Colombia, India, Japan, South Africa, Sri Lanka, and Turkey. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires.			

**Figure IV-1**  
**Steel wheels: Apparent U.S. consumption, by sources, 2008-10**

\* \* \* \* \*



## U.S. MARKET SHARES

U.S. market share data are presented in table IV-4. The U.S. producers' share of the domestic market fell overall from \*\*\* percent in 2008 to \*\*\* percent in 2010. The share of the U.S. market held by subject imports of steel wheels from China fell from 12.6 percent in 2008 to 9.0 percent in 2009 but increased to 11.7 percent in 2010. The petitioner argued that the subject imports from China did not "gain enormous market share" from 2008 to 2010 because the domestic producers reacted to the low-priced imports by "holding down and even cutting their prices."<sup>12</sup> The share of the U.S. market held by imports of steel wheels from nonsubject countries, on the other hand, increased from \*\*\* percent in 2008 to \*\*\* percent in 2010. This increase was primarily driven by U.S. imports of steel wheels from Mexico, which accounted for \*\*\* percent of the market in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. The respondents argued that Accuride's imports of steel wheels from its production facility in Mexico in particular were significant during the period examined and that increases in these imports from Mexico "dwarfed" any increase in the subject imports from China.<sup>13</sup>

## RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of steel wheels is presented in table IV-5. Subject steel wheel imports from China were equivalent to \*\*\* percent of U.S. production during 2008. This level fell to \*\*\* percent during 2009 before rising to \*\*\* percent in 2010. The ratio of U.S. imports of nonsubject steel wheels from Mexico to U.S. production was \*\*\* percent in 2009. By 2010, U.S. imports of steel wheels from Mexico increased to \*\*\* percent of domestic production.

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<sup>12</sup> Petitioners' postconference brief, p. 15.

<sup>13</sup> Respondent CCCME's postconference brief, p. 29.

**Table IV-4**  
**Steel wheels: U.S. consumption and market shares, 2008-10**

Item	Calendar year		
	2008	2009	2010
<b>Quantity (1,000 units)</b>			
Apparent U.S. consumption	3,469	2,437	3,703
<b>Value (1,000 dollars)</b>			
Apparent U.S. consumption	235,979	159,344	213,659
<b>Share of quantity (percent)</b>			
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from– China	12.6	9.0	11.7
Nonsubject countries:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
Other nonsubject countries <sup>1</sup>	***	***	***
Subtotal, nonsubject countries	***	***	***
Total, U.S. shipments of imports	***	***	***
<b>Share of value (percent)</b>			
U.S. producers' U.S. shipments	***	***	***
U.S. shipments of imports from– China	12.6	8.7	12.0
Nonsubject countries:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
Other nonsubject countries <sup>1</sup>	***	***	***
Subtotal, nonsubject countries	***	***	***
Total, U.S. shipments of imports	***	***	***
<sup>1</sup> Other nonsubject countries include Brazil, Colombia, India, Japan, South Africa, Sri Lanka, and Turkey.			
Note.–Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

**Table IV-5**  
**Steel wheels: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2008-10**

Item	Calendar year		
	2008	2009	2010
<b>Quantity (1,000 units)</b>			
U.S. production	***	***	***
Imports from:			
China	516	240	509
Nonsubject countries:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
Other nonsubject countries <sup>1</sup>	***	***	***
Subtotal, nonsubject countries	***	***	***
Total imports	***	***	***
<b>Ratio of U.S. imports to production (percent)</b>			
Imports from:			
China	***	***	***
Nonsubject countries:			
Canada	***	***	***
Germany	***	***	***
Mexico	***	***	***
Other nonsubject countries <sup>1</sup>	***	***	***
Subtotal, nonsubject countries	***	***	***
Total imports	***	***	***
<sup>1</sup> Other nonsubject countries include Brazil, Colombia, India, Japan, South Africa, Sri Lanka, and Turkey.			
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			



## PART V: PRICING AND RELATED INFORMATION

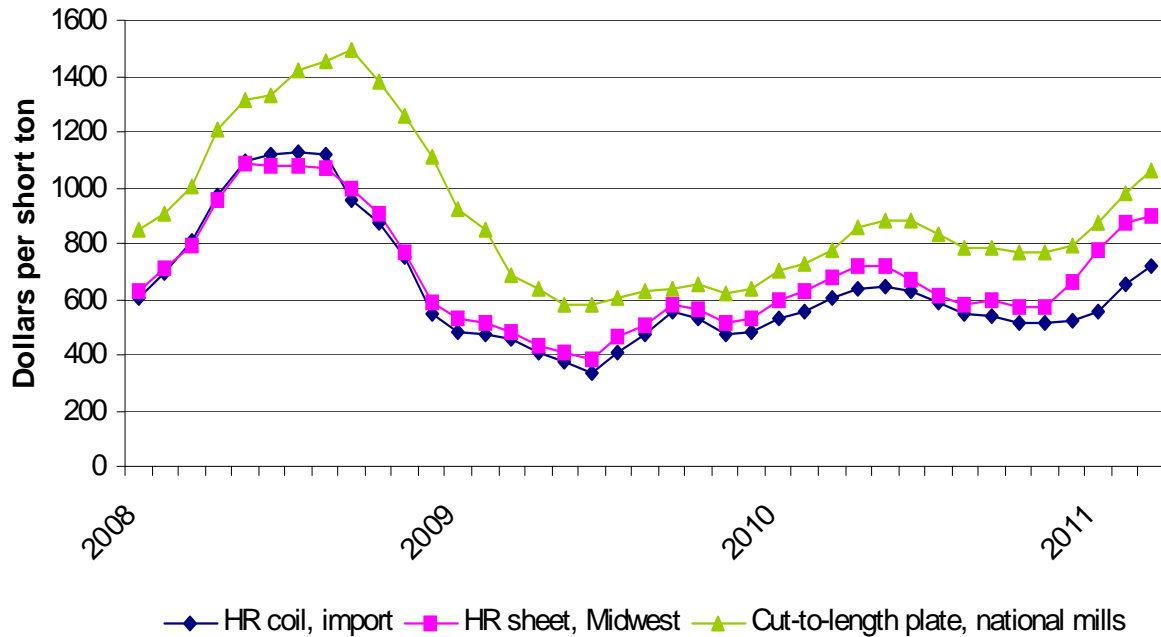
### FACTORS AFFECTING PRICES

Prices of steel wheels purchased by U.S. users depend on the size, load limit, configuration, and weight of the wheels. The finish applied to the wheel may alter prices as well. Prices may also reflect the nature of the purchase agreement, including the quantity purchased; whether the agreement is a spot sale or a longer-term contract; and surcharges for raw materials, transportation, fuel, and/or energy.

#### Raw Material Costs

Raw materials account for a large portion of the cost of production of steel wheels. The vast majority of the cost of raw materials is accounted for by hot-rolled steel. During 2008-10, raw materials accounted for \*\*\* to \*\*\* percent of the cost of goods sold. Figure V-1 presents the price of hot-rolled steel and cut-to-length plate since 2008. These steel prices peaked in mid-2008 before declining in late 2008 and early 2009. Since late 2010, hot-rolled prices increased rapidly through March 2011. Petitioners indicated that most of their contracts with larger customers include raw material surcharges.<sup>1</sup>

**Figure V-1**  
**Hot-rolled steel: Price indices for hot-rolled steel and cut-to-length plate, monthly, January 2008-March 2011**



Source: *American Metal Market*.

<sup>1</sup> Conference transcript, p. 66 (Kato and Schomer).

## U.S. Inland Transportation Costs

Steel wheels are sold on an f.o.b. basis. \*\*\* reported an estimate of the cost of U.S. inland transportation, but 11 of 14 responding importers reported that U.S. inland transportation costs range from 1.9 to 10 percent (with an average of 5.2 percent).<sup>2</sup>

Producers and importers were also asked to estimate the percentage of their sales that occurred within 100 miles of their storage or production facility, between 100 and 1,000 miles, and over 1,000 miles. Producers indicated that less than \*\*\* of their shipments were made within 100 miles, \*\*\* of their sales were shipped between 101 and 1,000 miles to their customers, and between \*\*\* of their sales were shipped more than 1,000 miles away from their production facility. Accuride stated that the steel wheels that it produces and imports are stored in a warehouse in Indianapolis, IN, where it ships mixed truckloads of steel wheels to aftermarket customers.<sup>3</sup> Importers' shipments reportedly are somewhat closer to their warehouses or storage facilities. Five of 17 responding importers reported shipping all their steel wheels to customers within 100 miles of their warehouses or storage facilities. For the remaining 12 importers, approximately 25 percent is shipped within 100 miles, 51 percent between 100 and 1,000 miles, and 24 percent more than 1,000 miles from their warehouse or storage facility.

Seventeen of 22 responding importers reported arranging transportation for the steel wheels they sell, whereas \*\*\*,<sup>4</sup> \*\*\* on an f.o.b. basis, while half of importers sell on an f.o.b. basis and half on a delivered basis.

## PRICING PRACTICES

### Pricing Methods

U.S. producers establish prices in a variety of ways. \*\*\* noted using contracts, set price lists, and transaction-by-transaction negotiations. Additionally, both producers include raw material surcharges within their contracts. The majority of responding importers (12 of 20) also use transaction-by-transaction negotiation, with 9 selling via published price lists, and 7 via contracts. Six importers also described other means of arriving at prices they charge in the United States: "comparable prices and competitive studies" (\*\*\*), "cost plus" (\*\*\*), "a variety of factors in the marketplace including, but not limited to, reliability, name recognition, and availability" (\*\*\*), and "pricing periodically re-evaluated/adjusted based on raw material data and market conditions" (\*\*\*).

Producer Accuride indicated that \*\*\* percent of its 2010 steel wheels sales were pursuant to long-term contracts (greater than one year in length), \*\*\* percent via short-term contracts (typically of one year in length), and \*\*\* percent on the spot market. Producer Hayes reported that \*\*\* percent of sales via long-term contracts, \*\*\* percent via short-term contracts, and \*\*\* percent on the spot market.<sup>5</sup> Long-

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<sup>2</sup> The other three responding importers, \*\*\*, reported these costs to be 25, 32 and 19 percent, respectively.

<sup>3</sup> Conference transcript, p. 19 (Schomer).

<sup>4</sup> This might reflect certain differences between customers of U.S. producers and U.S. importers. U.S. producers typically sell to larger OEMs or distributors, whereas importers may sell to smaller purchasers. *See, e.g.*, conference transcript, p. 100 (G. Orr) and pp. 135-136 (Rogers).

<sup>5</sup> \*\*\*.

term contracts are two to three years in length for truck OEMs.<sup>6</sup> Trailer OEMs have begun trying to emulate truck OEMs in pursuing more long-term contracts (two to three years in length) rather than one-year contracts.<sup>7</sup> These long-term contracts do not typically fix quantity, and are non-exclusive so purchasers could buy steel wheels from other sources if they desired. As a result, petitioners contend that the service arms of OEMs have begun to purchase steel wheels from China.<sup>8</sup> Producer Hayes noted that \*\*\*<sup>9</sup> while producer Accuride indicated that \*\*\*.<sup>10</sup>

Ten of 18 responding importers reported selling exclusively on the spot market. Four reported selling only via long-term contracts.<sup>11</sup> The remaining four reported selling 95 percent spot/5 percent long-term contract (\*\*\*), 66 percent spot/34 percent short-term contract (\*\*\*), and 25 percent spot/75 percent short-term contract (\*\*\*). As with U.S. producers' contracts, U.S. importers' long-term contracts are typically three years in length, while short-term contracts are typically one year in length. Five of seven responding importers with contracts of at least a year in length noted that only prices are fixed, while two firms (\*\*\* reported that both prices and quantities are fixed.<sup>12</sup> Four importers reported that prices could be renegotiated. \*\*\* short-term contracts are typically 30 days in length, fix quantities, and can have prices renegotiated if freight or raw steel prices change dramatically.

### **Sales Terms and Discounts**

Producer Accuride reported offering \*\*\*. Hayes stated that it offers \*\*\*. A witness at the staff conference also stated that the domestic producers "engage in extending of rebates, free wheels, and other incentives in order to make sales."<sup>13</sup> Among responding importers, 12 of 23 do not have a discount policy. However, seven firms offer quantity discounts and four offer annual total volume discounts. In addition, one importer offers an early pay discount, one offers discounts on stock orders, obsolete wheels, and to co-operatives. One other importer offers a discount if there are quality issues with the wheels it sells.

### **PRICE DATA**

The Commission requested U.S. producers and importers of steel wheels to provide quarterly data for the total quantity and f.o.b. value of steel wheels that were shipped to unrelated customers in the U.S. market that were either produced in the United States or imported from China or nonsubject countries Canada, Germany, and Mexico. Data were requested for the period January 2008 to December 2010. The products for which pricing data were requested are as follows:

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<sup>6</sup> Conference transcript, p. 26 (Kato).

<sup>7</sup> Conference transcript, p. 107 (T. M. Cunningham).

<sup>8</sup> Conference transcript, p. 26 (Kato).

<sup>9</sup> E-mail from \*\*\*.

<sup>10</sup> E-mail from \*\*\*.

<sup>11</sup> These are: \*\*\*.

<sup>12</sup> \*\*\*.

<sup>13</sup> Conference transcript, p. 118 (Walker).

**Product 1.**—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 65 to 75 pounds, sold to firms other than OEMs.

**Product 2.**—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to firms other than OEMs.

**Product 3.**—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 86 pounds or more, sold to firms other than OEMs.

**Product 4.**—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 65 to 75 pounds, sold to OEMs.

**Product 5.**—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to OEMs.

**Product 6.**—22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 86 pounds or more, sold to OEMs.

Products 1-3 are for sales to non-OEM customers, while products 4-6 correspond physically to products 1-3, but are for sales to OEMs, which may include truck OEMs, trailer OEMs, and OEM service customers. Two U.S. producers and 18 importers of steel wheels from China and/or nonsubject countries provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Fifteen of the 18 importers reported data for China.<sup>14</sup> By quantity, pricing data reported by responding firms in 2008-10 accounted for approximately 68.7 percent of reported U.S. producers' commercial shipments of steel wheels, and 64.6 percent of reported U.S. shipments of subject imports from China.<sup>15</sup>

Tables V-1 through V-6 and in figures V-2 through V-7, present these data on a product-by-product basis.<sup>16</sup> Products 3 and 6 combined (heavy steel wheels) accounted for 0.8 percent of total pricing data volumes, with most of this volume coming from \*\*\*. Data for these products are presented, yet their low volumes and sporadic frequency may not necessarily be indicative of overall pricing trends or comparisons. Although product 1 (light non-OEM steel wheels) is also characterized by relatively low volumes of subject imports, domestic shipments are considerably greater than shipments of products 3 and 6. Further, petitioners noted that Chinese producers are increasing their productive capacity of lighter steel wheels, and data were submitted for this product all four quarters of 2010.<sup>17</sup> No subject imports sales were reported for product 4 (light OEM steel wheels), and \*\*\*. Nonetheless, due to the large volume of domestic shipments, data are presented for this product.<sup>18</sup>

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<sup>14</sup> Three firms supplied nonsubject pricing data. Pricing data for Canada was supplied by two firms (\*\*\*) ; Germany, one firm (\*\*\*) , and Mexico, one firm (\*\*\*) . Graphical presentations of these data, along with subject and domestic pricing data, are presented in appendix D.

<sup>15</sup> For nonsubject countries presented in appendix D, these figures are 51.6 percent for Canada, and 82.6 percent for Mexico. Very small sales volumes have led to rounding errors which lead to over 100 percent coverage for Germany.

<sup>16</sup> Counsel for petitioner contend that pricing data for petitioners is largely sold to OEMs and master distributors, and import data are distributor sales to retailers – firms to which petitioners never sell. Therefore, counsel for petitioners contend that the comparisons may be skewed. Conference transcript, pp. 83-85 (Schagrin).

<sup>17</sup> Petitioner's postconference brief, exh. 18.

<sup>18</sup> Due to the difficulties in comparing across purchaser types, appendix D also presents pricing data graphs aggregating all sales to OEMs and non-OEMs for both the United States and China.



**Table V-1**

**Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2008-December 2010**

\* \* \* \* \*

**Table V-2**

**Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 2<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2008-December 2010**

Period	United States		China		
	Price (per wheel)	Quantity (wheels)	Price (per wheel)	Quantity (wheels)	Margin (percent)
<b>2008:</b>					
Jan.-Mar.	\$***	***	\$62.63	34,644	***
Apr.-June	***	***	63.50	39,986	***
July-Sept.	***	***	64.34	36,822	***
Oct.-Dec.	***	***	67.32	27,893	***
<b>2009:</b>					
Jan.-Mar.	***	***	59.92	20,940	***
Apr.-June	***	***	57.87	27,830	***
July-Sept.	***	***	57.90	21,372	***
Oct.-Dec.	***	***	58.54	26,252	***
<b>2010:</b>					
Jan.-Mar.	***	***	57.33	36,131	***
Apr.-June	***	***	56.98	53,068	***
July-Sept.	***	***	56.60	49,781	***
Oct.-Dec.	***	***	56.15	49,010	***

<sup>1</sup> 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to firms other than OEMs.

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

**Table V-3**

**Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2008-December 2010**

\* \* \* \* \*

**Table V-4**

**Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2008-December 2010**

\* \* \* \* \*

**Table V-5**

**Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 5<sup>1</sup> and margins of underselling/(overselling), by quarters, January 2008-December 2010**

Period	United States		China		
	Price (per wheel)	Quantity (wheels)	Price (per wheel)	Quantity (wheels)	Margin (percent)
<b>2008:</b>					
Jan.-Mar.	\$***	***	\$***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
<b>2009:</b>					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	56.01	5,045	***
Oct.-Dec.	***	***	***	***	***
<b>2010:</b>					
Jan.-Mar.	***	***	48.73	18,737	***
Apr.-June	***	***	55.55	19,788	***
July-Sept.	***	***	55.27	23,417	***
Oct.-Dec.	***	***	55.02	10,669	***
<sup>1</sup> 22.5 inches by 8.25 inches steel wheels, regardless of coating, weighing 76 to 85 pounds, sold to OEMs. Source: Compiled from data submitted in response to Commission questionnaires.					

**Table V-6**

**Steel wheels: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarters, January 2008-December 2010**

\* \* \* \* \*

**Figure V-2**

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 1, 2008-10**

\* \* \* \* \*

**Figure V-3**

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 2, 2008-10**

\* \* \* \* \*

**Figure V-4**  
**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 3, 2008-10**

\* \* \* \* \*

**Figure V-5**  
**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 4, 2008-10**

\* \* \* \* \*

**Figure V-6**  
**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 5, 2008-10**

\* \* \* \* \*

**Figure V-7**  
**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported product 6, 2008-10**

\* \* \* \* \*

### Price Trends

As shown in table V-7, weighted-average U.S. quarterly f.o.b. prices of domestic product 1 (light wheels, sold to non-OEMs) increased from the first quarter of 2008 to the first quarter of 2009 before generally decreasing through the fourth quarter of 2010. The difference between the highest quarterly price and lowest quarterly price, however, was only \*\*\* percent, and prices of domestically produced product 1 were \*\*\* percent higher at the end of 2010. Volumes of product 1 imported from China were much smaller (a maximum of \*\*\* units in \*\*\*) and were somewhat sporadic in 2008 and 2009. Pricing in 2010, however, increased by \*\*\* percent between the first and last quarters of 2010 though volumes continued to remain comparatively low.

Weighted-average U.S. quarterly f.o.b. prices of domestic product 2 (medium wheels, sold to non-OEMs) were highest during the first quarter of 2008,<sup>19</sup> reached their lowest point in the second quarter of 2008, and have remained within a \*\*\* percent band—between \*\*\* per wheel—in the remaining 10 quarters.<sup>20</sup> Since the first quarter of 2010, prices of domestic product 2 have declined \*\*\* percent. There was a large increase in volume of product 2 in the second quarter of 2008, \*\*\*. Prices of product 2 imported from China increased through the fourth quarter of 2008 before declining through the second quarter of 2009. After a slight increase (\*\*\*) through the fourth quarter of 2009, prices decreased by \*\*\* percent by the fourth quarter of 2010. Sales of product 2 imported from China accounted for 65.3 percent of all Chinese import pricing data.

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<sup>19</sup> First quarter 2008 data is the only quarter in which \*\*\*. Telephone interview with petitioners’ counsel, April 28, 2011.

<sup>20</sup> \*\*\* accounted for more than \*\*\* percent of product 2 pricing data.

**Table V-7**  
**Steel wheels: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and China**

Item	Total volume 2008-10	Number of quarters	Low price (per wheel)	High price (per wheel)	Change in price <sup>1</sup> (percent)
<b>Product 1</b>					
United States	***	12	***	***	***
China	***	7	***	***	***
<b>Product 2</b>					
United States	***	12	***	***	***
China	423,729	12	56.15	67.32	(10.3)
<b>Product 3</b>					
United States	***	11	***	***	***
China	***	11	***	***	***
<b>Product 4</b>					
United States	***	12	***	***	***
China	0	0	--	--	--
<b>Product 5</b>					
United States	***	12	***	***	***
China	***	12	***	***	***
<b>Product 6</b>					
United States	***	10	***	***	***
China	***	8	***	***	***
<sup>1</sup> Percentage change from the first quarter in which price data were available to the last quarter in which price data were available, based on unrounded data. Thus, the percentage change is not necessarily calculated from the high and low prices shown in this table.					
Source: Tables V-1 to V-6.					

After declining slightly between the first and second quarters of 2008, prices of domestic product 4 (light steel wheels, sold to OEMs) increased by \*\*\* percent by the first quarter of 2009. Prices for this product then decreased \*\*\* percent by the first quarter of 2010 before increasing \*\*\* percent by the fourth quarter of 2010. Product 4 is the largest-volume domestically produced pricing product, and accounted for \*\*\* percent of all domestic pricing product data. As noted before, there were no sales of product 4 imported from China.

Weighted-average U.S. quarterly f.o.b. prices of domestic product 5 (medium wheels, sold to OEMs) followed a similar pattern to those of product 4 in 2008 and 2009, increasing from the second quarter of 2008 to the first quarter of 2009, before declining by the last quarter of 2009. Between the last quarter of 2009 and the last quarter of 2010, prices increased irregularly by \*\*\* percent. Prices of imported product 5 from China generally conform to similar trends in U.S. data for 2008 and 2009. Prices of product 5 imported from China increased slightly in 2008 before decreasing through 2009. In 2010, however, prices have recovered most of this decrease, and were \*\*\* percent lower in the fourth quarter of 2010 than in the first quarter of 2008. Volumes were, in general, greater in 2010 than in 2009.

## Price Comparisons

Price comparisons between U.S.-produced and imported steel wheels were reported in 48 instances.<sup>21</sup> In 44 of 48 instances, the imported product was priced below the domestically produced product (table V-8). With respect to OEM sales, the imported product was always priced below its domestic counterpart, with margins ranging from 31.4 to 43.5 percent for product 5, which accounted for more than \*\*\* percent of shipments of steel wheels imported from China and sold to the OEM market. For sales to firms other than OEMs, the large majority (more than \*\*\* percent) of imported Chinese steel wheels were classified as product 2, which undersold domestic product 2 by 4.6 to 13.2 percent.

**Table V-8**

**Steel wheels: Number of quarters of underselling and (overselling) and highest and lowest margins of underselling and (overselling), by product number, January 2008-December 2010**

Product	Number of quarters of underselling	Number of quarters of (overselling)	Margins of underselling			Margins of (overselling)		
			Average (percent)	Range (percent)		Average (percent)	Range (percent)	
				Min	Max		Min	Max
<b>China</b>								
1	7	0	21.7	0.6	38.7	--	--	--
2	9	3	10.7	4.6	13.2	(2.8)	(1.8)	(3.9)
3	10	1	16.3	4.4	30.7	(3.0)	(3.0)	(3.0)
4	0	0	--	--	--	--	--	--
5	12	0	36.9	31.4	43.5	--	--	--
6	6	0	33.0	9.6	52.2	--	--	--
Subtotal (1, 2, 4, 5) <sup>1</sup>	28	3	23.1	0.6	43.5	(2.8)	(1.8)	(3.9)
<b>Total (products 1-6)</b>	<b>44</b>	<b>4</b>	<b>24.2</b>	<b>0.6</b>	<b>52.2</b>	<b>(2.9)</b>	<b>(1.8)</b>	<b>(3.9)</b>
<sup>1</sup> Products 3 and 6 combined (heavy steel wheels) accounted for 0.8 percent of total pricing data volumes, with most of this volume coming from ***. These low volumes and sporadic frequency may not be indicative of overall pricing comparisons.								
Source: Compiled from data submitted in response to Commission questionnaires.								

<sup>21</sup> Excluding products 3 and 6 from the analysis, there were 32 quarterly comparisons, with 28 quarters of underselling. Products 3 and 6 combined (heavy steel wheels) accounted for 0.8 percent of total pricing data volumes, with most of this volume coming from \*\*\*. These low volumes and sporadic frequency may not be indicative of overall pricing comparisons.

## LOST SALES AND LOST REVENUES

The Commission requested that U.S. producers of steel wheels report any instances of lost sales and lost revenues experienced due to competition from imports from China since January 1, 2008. One producer reported six firms at which they had allegedly lost sales. There were no allegations of lost revenues. All of the lost sales allegations are presented in table V-9 and are discussed in more detail below. There were \*\*\* lost sales allegations totaling \$\*\*\*. Staff were able to contact all of the listed purchasers. \*\*\* of the lost sales allegations were at least somewhat confirmed, totaling \$\*\*\*. Additional information, where relevant, is summarized in the individual responses below.

**Table V-9**  
**Steel wheels: U.S. producers' lost sales allegations**

\* \* \* \* \*

Purchasers responding to the lost sales allegations also were asked whether they shifted their purchases of steel wheels from U.S. producers to suppliers of steel wheels from China since January 2008. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of steel wheels from China. Four of the five responding purchasers reported that they had shifted purchases of steel wheels from U.S. producers to subject imports since January 1, 2008; all four of these purchasers reported that price was the reason for the shift. Only one purchaser, however, reported that the U.S. producers had reduced their prices in order to compete with the prices of subject imports since January 1, 2008. Further information is presented in table V-10.

**Table V-10**  
**Steel wheels: Purchaser responses regarding purchase shifting**

Purchaser	Shift from U.S. to imports <sup>1</sup>	Was price the reason <sup>2</sup>	If not, list reasons <sup>3</sup>	Did U.S. producers reduce price to compete with imports <sup>4</sup>	Comments
***	Yes	Yes	n/a	No	n/a
***	No	n/a	n/a	No	n/a
***	Yes	Yes	n/a	No	n/a
***	Yes	Yes	Price was only a partial reason for the shift. Other reasons included quality, performance, and the perceived financial condition of U.S. producers and the need to have alternative sources.	Yes	We believe U.S. producers reduced their prices since that time but only they can state why they did it. It should be noted that the trailer industry suffered severe declines in 2008 and 2009, and price reductions by many vendors for many items were not uncommon.
***	Yes	Yes	n/a	No	n/a

<sup>1</sup> "Since January 1, 2008, did your firm switch purchases of steel wheels from U.S. producers to suppliers of steel wheels imported from China?"

<sup>2</sup> "If yes, was price the reason for the shift?"

<sup>3</sup> "If price was not the reason for the shift, please list the reason(s) for the shift."

<sup>4</sup> "Since January 1, 2008, did U.S. producers reduce their prices of steel wheels in order to compete with prices of steel wheels imported from China?"

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

## PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

### BACKGROUND

Two U.S. producers, Accuride and Hayes Lemmerz, reported their financial results related to operations on steel wheels. A company believed to produce steel wheels, Titan, did not report its financial results. Responding U.S. producers reported their financial results based on U.S. generally accepted accounting principles (“GAAP”) with Accuride reporting on a calendar-year basis and Hayes Lemmerz reporting on fiscal-year basis.<sup>1</sup>

While Accuride and Hayes Lemmerz are producers of steel wheels, the scope of each company’s overall establishment operations is different.<sup>2 3</sup> As noted in *Part III* of this report, Accuride and Hayes Lemmerz entered and exited Chapter 11 bankruptcy during the period examined.<sup>4</sup> According to

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<sup>1</sup> Hayes Lemmerz reported its financial results for fiscal years 2009, 2010, and 2011 ending January 31. Since these fiscal years substantially correspond to the 2008, 2009, and 2010 calendar years reported by Accuride, they are referred to as such in this section of the report.

<sup>2</sup> In terms of important differences between the two primary U.S. producers, Hayes Lemmerz noted that \*\*\*. E-mail with attachment from Hayes Lemmerz to USITC auditor, April 27, 2011.

<sup>3</sup> Accuride’s 2010 10-K identifies three reportable segments: Wheels, Components, and Other. The Wheels segment includes the following major product categories: Heavy and medium duty steel wheels, heavy and medium duty aluminum wheels, light truck steel wheels, and military wheels. Accuride 2010 10-K, p. 3, p. 10. \*\*\*. USITC auditor preliminary-phase notes.

Hayes Lemmerz’s 2009 10-K identifies two reportable segments: Automotive wheels and Other. The Automotive wheels segment includes operations on steel and cast aluminum wheels for original equipment manufacturers in the global passenger car, light vehicle, and heavy duty truck markets. Hayes Lemmerz 2009 10-K, p. 4. \*\*\*. USITC auditor preliminary-phase notes.

\*\*\* of company-specific segment sales accounted for by steel wheels appears to be generally consistent with the overall establishment differences described above. Additionally, a Hayes Lemmerz company official noted that Hayes Lemmerz has a substantially larger global presence with regard to its overall operations compared to Accuride. Conference transcript, pp. 71-72 (Hampton).

The operations of Titan, which is presumably a producer of the steel wheels subject to this proceeding, consist of three reportable segments: Agricultural, Earthmoving/Construction, and Consumer. Titan 2010 10-K, p. F-26. The wheels produced for Titan’s Agricultural and Earthmoving/Construction segments have diameters ranging from 9 to 54 inches and 20 to 63 inches, respectively. Titan 2010 10-K, p. 5.

<sup>4</sup> Accuride entered and exited Chapter 11 bankruptcy on October 8, 2009 and February 26, 2010, respectively. Prior to bankruptcy, the company was in default under its prepetition senior credit facility and the indenture governing its prepetition senior subordinates notes. Accuride 2010 10-K, p. 4. The company’s bankruptcy declaration indicated that poor and deteriorating market conditions prior to and during the period examined led to its bankruptcy filing. October 8, 2009 Accuride Bankruptcy Declaration, pp. 12-13. Accuride reportedly exited bankruptcy with a more a flexible capital structure, including a \$308-million term loan and \$140 million of convertible notes. “Wheel maker Accuride exits Chapter 11,” *Metal Bulletin Daily*, February 26, 2010, Issue 201, p. 75.

Hayes Lemmerz entered and exited Chapter 11 bankruptcy on May 18, 2009 and December 21, 2009, respectively. Hayes Lemmerz U.S. producer questionnaire, response to question II-2. In its previous 2001 bankruptcy, Hayes Lemmerz reportedly cited excessive debt, poorly integrated acquisitions and underperforming facilities as the primary factors leading to bankruptcy. <http://delawarebankruptcy.foxrothschild.com/2009/06/articles>, retrieved on April 25, 2011. With respect to its 2009 bankruptcy, a company official stated that “{t}he Chapter 11 filings were precipitated by an unprecedented slowdown in industry demand and a tightening of credit markets. These filings will allow us to reduce our debt and restructure our balance sheet.” “Hayes Lemmerz Enters into Pre-Negotiated Bankruptcy Reorganization,” *Foundry Management & Technology*, June 2009, Vol. 137, Issue 6, p. 4. Pursuant to its bankruptcy restructuring, Hayes Lemmerz secured \$200 million in exit financing and reportedly

testimony at the staff conference, neither company's steel wheels operations were disrupted by bankruptcy.<sup>5</sup>

### OPERATIONS ON STEEL WHEELS

Income-and-loss data for operations on steel wheels are presented in table VI-1. Table VI-2 presents selected company-specific financial information. A variance analysis of the financial results of steel wheels is presented in table VI-3.<sup>6</sup>

**Table VI-1**  
**Steel wheels: Results of operations, 2008-10**

\*       \*       \*       \*       \*       \*       \*

**Table VI-2**  
**Steel wheels: Results of operations, by firm, 2008-10**

\*       \*       \*       \*       \*       \*       \*

**Table VI-3**  
**Steel wheels: Variance analysis of financial results, 2008-10**

\*       \*       \*       \*       \*       \*       \*

### Revenue

Steel wheels revenue reflects commercial sales consisting primarily of U.S. sales (\*\*\*) percent of sales quantity on a cumulative basis) and a smaller share of exports (\*\*\*) percent of sales quantity on a cumulative basis).<sup>7</sup> A notable feature of the period examined is the decline in steel wheels sales in 2009

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reduced its U.S. debt to \$240 million from \$720 million. Also, the company's U.S. legacy retiree pension and medical liabilities were reduced from over \$250 million to less than \$75 million. "Hayes Lemmerz Emerges from Chapter 11," *Mergers & Acquisitions Report*, January 4, 2010, Vol. 23, Issue 1, p. 9.

<sup>5</sup> Conference transcript, p. 73 (Kato). Conference transcript, p. 74 (Schomer). Both companies were operated pursuant to "debtor in possession" status during their respective bankruptcies. Accuride 2010 10-K, p. 4. "Hayes Lemmerz Enters into Pre-Negotiated Bankruptcy Reorganization," *Foundry Management & Technology*, June 2009, Vol. 137, Issue 6, p. 4.

<sup>6</sup> The Commission's variance analysis is calculated in three parts: sales variance, cost of goods sold ("COGS") variance, and sales, general and administrative ("SG&A") expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the sales, COGS, and SG&A volume variances. All things being equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

<sup>7</sup> \*\*\*. USITC auditor preliminary-phase notes.



compared to 2008 which generally reflects the acceleration of declining downstream demand.<sup>8</sup> As shown in table VI-1, the modest increase in sales in 2010 is consistent with a shift to more positive demand conditions.<sup>9</sup> When considered in terms of the table VI-3 variance analysis, the 2009 decline in steel wheels revenue compared to 2008 was primarily due to a negative volume variance and to a lesser extent to a negative price variance. The subsequent increase in revenue in 2010 compared to 2009 was due entirely to a positive volume variance, which was partially offset by a negative price variance.

Table VI-2 shows that \*\*\* U.S. producer in terms of steel wheels sales volume, reported larger year-to-year positive and negative changes in revenue \*\*\*. \*\*\* also appears to reflect underlying variations in company-specific product mix and channels of distribution. With respect to identified distribution channels, \*\*\* share of sales to the truck market \*\*\* corresponding share of sales to the trailer market.<sup>10</sup> While company-specific shares of sales accounted for by primary distribution channels (identified as truck, trailer, and aftermarket) \*\*\* somewhat during the period, the physical product mix sold did not change substantially during the period.<sup>11</sup>

### Cost of Goods Sold and Gross Profit

Raw material costs make up the majority of total COGS (\*\*\* percent on a cumulative basis). In large part, raw material costs reflect the cost of steel with corresponding fluctuations in price generally transferred to customers in the form of pass-through provisions.<sup>12 13</sup>

As shown in table VI-2, on an overall and company-specific basis, average raw material costs increased in 2009 compared to 2008 and then declined in 2010. With regard to the pattern of change in

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<sup>8</sup> In its 2009 bankruptcy declaration, Accuride noted that truck fleets began delaying purchases in late 2007 as the U.S. economy began to slow and the freight environment weakened. Relative first half 2007 commercial vehicle demand also reportedly declined due to advanced 2006 purchasing ahead of new EPA emission standards. Demand declined further in 2008 and 2009 due to the downturn in the economy and tightened credit terms. October 8, 2009 Accuride Bankruptcy Declaration, pp. 12-13.

<sup>9</sup> Accuride 2010 10-K, p. 41.

<sup>10</sup> Petitioners' postconference brief, p. 21. \*\*\*.

With respect to product mix and marketing in general, Accuride stated that \*\*\*. Letter from Schagrin Associates on behalf of Accuride, April 27, 2011. Notwithstanding this description of similar marketing practices, Accuride's 2010 10-K states that "[e]ffective May 2009, {Accuride} implemented a consolidated aftermarket distribution strategy for our wheels, wheel-end components, and Highway Original aftermarket brand. In support of this initiative, we closed two existing warehouses and opened a distribution center strategically located in the Indianapolis, Indiana, metropolitan area. As a result, customers can order steel and aluminum wheels, brake drums/rotors, automatic slack adjusters, bumpers, fuel tanks, and battery boxes on one purchase order, improving freight efficiencies and improved inventory turns for our customers. This capability is a strategic advantage over our single product line competitors. The aftermarket infrastructure enables us to expand our manufacturing plant direct shipments to larger aftermarket customers utilizing a virtual distribution strategy that allows us to maintain and enhance our competitiveness by eliminating unnecessary freight and handling through the distribution center." Accuride 2010 10-K, p. 13.

<sup>11</sup> Conference transcript, p. 67 (Schomer).

<sup>12</sup> Conference transcript, p. 30 (Weisend), Petition, p. I-4, and Conference transcript, p. 16 (Schomer). \*\*\*. Letter from Schagrin Associates on behalf of Accuride, April 27, 2011.

\*\*\*. E-mail with attachment from Hayes Lemmerz to USITC auditor, April 27, 2011. \*\*\*.

<sup>13</sup> Conference transcript, pp. 16, 66 (Schomer) and Conference transcript, p. 66 (Kato).

average raw material costs compared to steel prices in general, Accuride noted that \*\*\*.<sup>14</sup> According to Hayes Lemmerz, its average raw material cost \*\*\*.<sup>15</sup>

Direct labor and other factory costs (\*\*\* percent and \*\*\* percent, respectively, of COGS on a cumulative basis) make up the remainder of total COGS. The relatively small share of direct labor as a component of conversion costs (i.e., combined direct labor and other factory costs), is generally consistent with what was characterized as a highly automated production process.<sup>16</sup> Accuride and Hayes Lemmerz both described similar costs which make up total conversion costs.<sup>17</sup>

As shown in table VI-2, the absolute amount of conversion costs declined in 2009 which is generally consistent with reduced sales/production activity in that year. It is notable, however, that conversion costs (on a unit basis and/or as a share of total COGS) did not increase by a larger amount in 2009 due to reduced fixed cost absorption as production volume declined; i.e., on a unit basis, conversion costs increased \*\*\* percent in 2009 while corresponding sales volume declined by \*\*\* percent. As shown in table VI-2, this pattern is due to the fact that average conversion costs reported by \*\*\*. With regard to this pattern, \*\*\*.<sup>18</sup>

On an average unit basis, COGS reached its highest level in 2009 with higher average conversion costs contributing only somewhat more to the overall increase in COGS than the corresponding increase in average raw material costs. In conjunction with a negative price variance between 2008 and 2009, higher overall average COGS resulted in a contraction of the industry's overall gross margin in 2009 (see table VI-1).<sup>19</sup> The subsequent decline in average unit COGS in 2010 compared to 2009 was due primarily to lower average raw material costs and to a lesser extent to a decline in average conversion costs. Lower average COGS offset the continued decline in average sales value which resulted in a modest improvement in the industry's gross profitability in 2010 compared to 2009. Nonetheless, gross profit (on an absolute and relative basis) remained below the level reported at the beginning of the period.

### **SG&A Expenses and Operating Income or (Loss)**

Overall SG&A expenses were only marginally lower in 2009 compared to 2008 which, in conjunction with lower revenue, resulted in a corresponding increase in the industry's SG&A expense ratio: from \*\*\* percent of sales in 2008 to \*\*\* percent of sales in 2009 (see table VI-1). While SG&A expenses would not necessarily be expected to change at the same rate as sales activity, the \*\*\*. As shown in table VI-2, this pattern is \*\*\* testimony at the staff conference indicating that the company took a number of steps to reduce SG&A-related expenses.<sup>20</sup>

\*\*\*; i.e., Accuride's 2010 10-K indicates that overall "operating expenses" (inclusive of SG&A expenses as presented in the company's consolidated statement of operations) effectively increased in 2009 compared to 2008 due to bankruptcy-related prepetition professional fees, while in 2010 a further

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<sup>14</sup> Letter from Schagrin Associates on behalf of Accuride, April 27, 2011.

<sup>15</sup> As described by Hayes Lemmerz, \*\*\*. E-mail with attachment from Hayes Lemmerz to USITC auditor, April 27, 2011.

<sup>16</sup> Conference transcript, p. 21 (Noll). E-mail with attachment from Hayes Lemmerz to USITC auditor, April 27, 2011.

<sup>17</sup> In addition to direct labor, Accuride's conversion costs \*\*\*. Letter from Schagrin Associates on behalf of Accuride, April 27, 2011.

Similarly, as described by Hayes Lemmerz, non-direct labor conversion costs include \*\*\*. E-mail with attachment from Hayes Lemmerz to USITC auditor, April 27, 2011.

<sup>18</sup> Ibid. \*\*\*. Ibid.

<sup>19</sup> \*\*\*.

<sup>20</sup> Conference transcript, p. 76 (Hampton).

increase in total operating expenses was attributed primarily to “. . . fees incurred for bankruptcy, relisting, charges related to a product recall campaign, and our senior secured notes offering.”<sup>21</sup> Notwithstanding the pattern of higher overall operating expenses recognized in its consolidated income statement, Accuride’s “core” SG&A expenses declined between 2008 and 2010 which in turn is generally consistent with testimony at the staff conference.<sup>22</sup>

In conjunction with higher SG&A expense ratios, the contraction of the industry’s gross profit margins in 2009, as noted previously, generated an overall operating loss in 2009 which was \*\*\*. Despite the modest increase in gross profit margin in 2010, the industry’s overall SG&A expense ratio was only marginally lower in 2010 compared to 2009 which limited the increase in corresponding operating profit.

### **Non-Recurring Charges**

The increase in the level of “Other expenses” in 2009 shown in table VI-1 was \*\*\*.<sup>23</sup> While Accuride reported \*\*\*.<sup>24</sup> Additionally, as shown in table VI-1 the \*\*\*.<sup>25 26</sup>

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<sup>21</sup> 2010 10-K, p. 41. The above-referenced product recall is related to “automatic slack adjusters,” as opposed to steel wheels, and resulted in a charge of \$2.3 million in 2010. Accuride 2010 10-K, p. 110.

<sup>22</sup> Conference transcript, p. 77 (Schomer). Accuride’s consolidated statement of operations presents SG&A expenses as a separate component of operating expenses, while its segment information refers to the same value as “operating expenses” and separately identifies prepetition professional fees and other items. As interpreted by staff, 2008 and 2009 “core” SG&A expenses represent the line item “SG&A expenses” as presented in Accuride’s consolidated statement of operations. With respect to 2010, core SG&A expenses can be derived based on Accuride’s consolidated statement of operations and accompanying narrative information. USITC auditor preliminary-phase notes. \*\*\*. Ibid.

<sup>23</sup> \*\*\*.

<sup>24</sup> \*\*\*. As described in Accuride’s 2009 10-K, “{d}uring 2008, in response to the slow commercial vehicle market and the decline of sales, management undertook a review of current operations that led to a comprehensive restructuring plan. During 2008, we approved a restructuring plan to more appropriately align our workforce in response to the relatively slow commercial vehicle market. Continuing in 2009, we announced additional actions in regards to the restructuring plan that focused on the consolidation of several of our facilities.” Accuride 2009 10-K, p. 114.

<sup>25</sup> \*\*\*. Petitioners’ postconference brief, exhibit 20. \*\*\*. Based on Accuride’s 2010 10-K information, Accuride recognized net reorganization income in 2010 of \$59.3 million, while in 2009 it recognized a reorganization expense of \$14.4 million. Both of these items impacted consolidated net income (loss), as opposed to Accuride’s operating results. Accuride 2010 10-K, p. 5. \*\*\*.

<sup>26</sup> Since interest expense was \*\*\*, the \*\*\* in 2009 shown in table VI-1, \*\*\*. The financial results reported by \*\*\*. Petitioners’ postconference brief, exhibit 20.

**CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES,  
ASSETS, AND RETURN ON INVESTMENT**

Data on capital expenditures, research and development (“R&D”) expenses, total assets, and return on investment (“ROI”) related to steel wheels are presented in table VI-4.

Overall R&D expenses declined in 2009 compared to 2008 and again by a somewhat smaller amount in 2010. As described by Accuride, \*\*\*.<sup>27</sup>

Like overall R&D expenses, the industry’s capital expenditures declined in 2009 compared to 2008. In contrast with the trend of R&D expenses, however, capital expenditure rebounded somewhat in 2010. Nonetheless, since the ratio of annual capital expenditures to annual depreciation expense ranged from \*\*\* percent in 2009 to \*\*\* percent in 2010, depreciable assets, all things being equal, were being consumed at a faster rate than capital reinvestment.

**Table VI-4  
Steel wheels: Capital expenditures, R&D expenses, total assets, and return on investment by firm,  
2008-10**

\* \* \* \* \*

As shown in table VI-4, the substantial increase in the value of total assets in 2010 was \*\*\*.<sup>28</sup> Consistent with its \*\*\*.<sup>29</sup>

**CAPITAL AND INVESTMENT**

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of steel wheels from China on their firms’ growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments. The U.S. producers’ responses are presented below.

**Actual Negative Effects**

Accuride                   \*\*\*.  
Hayes Lemmerz       \*\*\*.

**Anticipated Negative Effects**

Accuride                   \*\*\*.  
Hayes Lemmerz       \*\*\*.

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<sup>27</sup> Ibid. According to Accuride, \*\*\*. Ibid.

<sup>28</sup> Petitioners’ postconference brief, exhibit 20.

<sup>29</sup> Ibid. Accuride’s Wheel segment, which would include both steel wheels and non-subject steel wheels (see footnote 3), generated the following return on asset ratios during the period examined: 29.1 percent in 2008; 5.6 percent in 2009; and 5.4 percent in 2010. Given Accuride’s asset revaluation in 2010, only the 2008 and 2009 ratios are directly comparable. USITC auditor preliminary-phase notes.

## PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the alleged dumping margins and the nature of the alleged subsidies was presented earlier in this report; information on the volume of imports of the subject merchandise and pricing of domestic goods and imports is presented in *Part IV* and *Part V*, respectively; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

### THE INDUSTRY IN CHINA

#### Overview

Petitioners indicated that there are currently more than 50 producers of subject steel wheels in China,<sup>1</sup> and provided a listing of 24 such firms in the petition.<sup>2</sup> The Commission sent foreign producer questionnaires to all firms identified by petitioners as possible producers/exporters of steel wheels in China. The following six producers of steel wheels in China provided responses to the Commission's request for information: Dongfeng Automotive, Shandong Jining, Shandong Shengtai, Shandong Xingmin, Xiamen Sunrise, and Zhejiang Jingu. The firms, along with their shares of reported production and subject exports to the United States (by quantity), are presented in table VII-1.

**Table VII-1**

**Steel wheels: Reporting manufacturers/exporters in China, and quantities and shares of reported production and exports to the United States, 2010**

\* \* \* \* \*

According to an estimate provided in the questionnaire response of one Chinese producer, more than 50 million steel wheels were produced in China during 2010.<sup>3</sup> Based on that estimate, the six producers that provided a response to the Commission's questionnaire in these investigations accounted for 9.3 percent of total steel wheel production in China during 2010. The six responding Chinese producers also reported that together they exported \*\*\* steel wheels to the United States during 2010, which staff believes accounts for two-thirds or more of total exports of subject steel wheels from China to

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<sup>1</sup> Conference transcript, p. 19 (Schomer).

<sup>2</sup> Petition, exh. I-2.

<sup>3</sup> All producers were asked to provide an estimate of the percentage of total production of steel wheels (18"-24.5" nominal diameter) in China accounted for by their firm's production in 2010. They were also asked to provide an estimate of the percentage of total exports to the United States of steel wheels (18"-24.5" nominal diameter) from China accounted for by their firm's exports in 2010. Only one responding Chinese producer (\*\*\*) provided the requested data. \*\*\* estimated total production of 18"-24.5" steel wheels in China to be 52.4 million units.

the United States based on official Commerce import statistics reported under HTS statistical reporting numbers 8708.70.0500, 8708.70.2500, and 8708.70.4530.<sup>4</sup>

The Commission asked the Chinese producers to indicate whether they or any related firms, have the capability to produce, or have any plans to produce steel wheels in the United States or other countries and whether their firm or any related firms import or have any plans to import 18” - 24.5” steel wheels into the United States. \*\*\*.

The Commission also asked the Chinese firms to estimate the shares of their total sales that were represented by sales of steel wheels in the relevant size range; firms’ estimates ranged from \*\*\* percent to \*\*\* percent of total company sales in their most recent fiscal year. \*\*\* of the six responding firms in China reported production of other products (e.g., steel wheels less than 18 inches and more than 24.5 inches nominal diameter) using the same equipment and machinery and employing the same production and related workers as used in the production of the subject steel wheels. The data provided by these firms were allocated based on the share of total production held by the subject steel wheels. The aggregate overall capacity for all products produced using the same equipment and machinery as used in the production of the subject steel wheels by the responding six Chinese firms amounted to 8.6 million units in 2010.

In response to a question concerning changes in the character of operations concerning the production of steel wheels since January 1, 2008, two of the six responding producers in China reported \*\*\* plant openings or closings, relocations, expansions, acquisitions, changes in ownership, consolidations, prolonged shutdowns, importation curtailments, revised labor agreements, or other changes in the character of operations. However, four of the responding Chinese producers reported certain changes in the character of operations, including plant expansions, openings, acquisitions, and/or consolidations in relation to their production of subject steel wheels. In addition, three producers in China reported that they anticipated certain changes in the character of their operations or organization relating to the production of 18” - 24.5” steel wheels in the future. Company responses concerning the actual and anticipated changes in the character of their steel wheel operations in China are presented in table VII-2.

**Table VII-2**  
**Steel wheels: Chinese producers’ comments concerning actual and anticipated changes in the character of operations**

\* \* \* \* \*

### Operation on Steel Wheels

Data provided by the six Chinese steel wheel producers responding to the Commission’s questionnaire concerning capacity, production, inventories, and shipments are presented in table VII-3. The reported aggregate capacity of these six firms to produce subject steel wheels in China remained at 4.6 million units during 2008 and 2009 but increased by 46.0 percent to 6.7 million units in 2010. Both production and capacity utilization fell from 2008 to 2009 but increased in 2010 to a level above that reported in 2008. Reported capacity utilization was 65.2 percent in 2008, 57.8 percent in 2009, and 72.9 percent in 2010.

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<sup>4</sup> Respondent CCCME indicated that the main exporters of steel wheels produced in China have provided questionnaire responses to the Commission. Respondent CCCME’s postconference brief, p. 44.

**Table VII-3**  
**Steel wheels: China production capacity, production, shipments, and inventories, 2008-10<sup>1</sup>**

Item	2008	2009	2010	Projected	
				2011	2012
<b>Quantity (1,000 units)</b>					
Capacity <sup>2</sup>	4,604	4,604	6,724	7,261	11,973
Production	3,000	2,660	4,899	6,067	9,682
End of period inventories	***	***	***	***	***
Shipments:					
Internal consumption	***	***	***	***	***
Home market	***	***	***	***	***
Exports to-- The United States	***	***	***	***	***
All other markets <sup>3</sup>	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
<b>Ratios and shares (percent)</b>					
Capacity utilization	65.2	57.8	72.9	83.6	80.9
Inventories to production	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***
Share of total quantity of shipments:					
Internal consumption	***	***	***	***	***
Home market	***	***	***	***	***
Exports to-- The United States	***	***	***	***	***
All other markets <sup>3</sup>	***	***	***	***	***
All export markets	***	***	***	***	***

<sup>1</sup> The aggregate data presented were provided by the following six producers of steel wheels in China: Dongfeng Automotive, Shandong Jining, Shandong Shengtai, Shandong Xingmin, Xiamen Sunrise, and Zhejiang Jingu. The data provided by Shandong Jining and Shandong Shengtai were for all sizes of steel wheels produced in their establishments. Adjustments to these reported data were made by Commission staff based on company production data for subject steel wheels. Based on one Chinese producer's estimate, these six producers accounted for 9.3 percent of total subject steel wheel production in China during 2010. Based on official Commerce import statistics, staff estimates that these six firms' exports of subject steel wheels to the United States during 2010 accounted for two-thirds or more of total Chinese exports of subject steel wheels from China to the United States.

<sup>2</sup> Reported capacity is based on operating from 48 to 144 hours per week, 46 to 52 weeks per year.

<sup>3</sup> Principal other export markets identified by the Chinese producers include Algeria, Australia, Brazil, Kenya, Mexico, Morocco, Russia, South Africa, Western Europe, South America, and Southeast Asia.

Note.—Because of rounding, figures may not add to the totals shown.

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

Producers of subject steel wheels in China reported no internal consumption of the product throughout the period for which data were collected in these investigations. The Chinese producers' largest single commercial country market for subject steel wheels was the home market, accounting for an increasing share of total shipments during 2008-10, although exports accounted for a larger share of shipments in 2008 and 2009. Home market shipments of steel wheels increased by \*\*\* percent from \*\*\* units in 2008 to \*\*\* units in 2010 and accounted for \*\*\* percent of the Chinese producers' total shipments in 2010. Chinese producers' total exports of steel wheels fell from 2008 to 2009 but increased in 2010 to a level above that reported in 2008. Exports accounted for \*\*\* percent of the Chinese producers' shipments in 2008, \*\*\* percent in 2009, and \*\*\* percent in 2010. Exports of subject steel wheels to the United States increased throughout the period examined in these investigations, \*\*\* in terms of quantity from \*\*\* units in 2008 to \*\*\* units in 2010. The share of Chinese producers' total shipments accounted for by exports to the United States also increased from \*\*\* percent in 2008 to \*\*\* percent in 2010, whereas the share of total shipments accounted for by all other export markets fell overall from \*\*\* percent in 2008 to \*\*\* percent in 2010. The responding Chinese producers identified their principal "other" export markets to include Algeria, Australia, Brazil, Kenya, Mexico, Morocco, Russia, South Africa, Western Europe, South America, and Southeast Asia.

Five of the six responding Chinese producers provided projected capacity data for calendar years 2011 and 2012. Only one of those producers (\*\*\*) reported no projected capacity changes, whereas four producers (\*\*\*) reported an increase in capacity of \*\*\* units from 2010 to 2012. The producers in China provided explanations for their reported projections. Their explanations are presented in table VII-4.

**Table VII-4**  
**Steel wheels: Chinese producers' explanations for reported projections**

\* \* \* \* \*

Four Chinese producers also provided projected home market and export shipment data for calendar years 2011 and 2012. These firms projected increases in sales to the home market as well as to export markets, with the United States projected to account for a declining share of total steel wheel shipments. Respondent AWS argued that China is currently the largest steel wheel market in the world and that the projected "rapid growth in home-grown demand" is justified by the growth seen in China's economy and trucking industry.<sup>5</sup> Respondent CCCME also argued that an increase in the demand for steel wheels in China is expected as the Chinese trucking industry transitions from tube-type wheels to tubeless wheels.<sup>6</sup> Petitioners, however, argued that "China's steel wheel manufacturers have undertaken a capacity expansion campaign far in excess of any reasonable domestic demand."<sup>7</sup>

### U.S. IMPORTERS' INVENTORIES

Data collected in these investigations on U.S. importers' end-of-period inventories of steel wheels are presented in table VII-5.<sup>8</sup> Of the 29 U.S. importers that provided data in response to the Commission's questionnaire, 11 reported holding U.S. inventories of steel wheels imported from China during the period for which data were collected in these investigations.

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<sup>5</sup> Respondent AWS's postconference brief, p. 15.

<sup>6</sup> Respondent CCCME's postconference brief, p. 46.

<sup>7</sup> Petitioners' postconference brief, pp. 1 and 24.

<sup>8</sup> \*\*\* of the six responding steel wheel producers in China reported maintaining inventories of steel wheels in the United States.



**Table VII-5**  
**Steel wheels: U.S. importers' end-of-period inventories of imports, by source, 2008-10**

Item	Calendar year		
	2008	2009	2010
China:			
Inventories (1,000 units)	54	41	64
Ratio of inventories to imports (percent)	10.5	17.2	12.6
Ratio to U.S. shipments of imports (percent)	12.5	18.8	14.8
Canada:			
Inventories (1,000 units)	***	***	***
Inventories (1,000 units)	***	***	***
Inventories (1,000 units)	***	***	***
Ratio of inventories to imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Germany:			
Inventories (1,000 units)	***	***	***
Ratio of inventories to imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Mexico:			
Inventories (1,000 units)	***	***	***
Ratio of inventories to imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
Other sources:			
Inventories (1,000 units)	***	***	***
Ratio of inventories to imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***
All sources:			
Inventories (1,000 units)	***	***	***
Ratio of inventories to imports (percent)	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***

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

U.S. importers' inventories of Chinese steel wheels (based on quantity) fell from 2008 to 2009, but increased in 2010 to a level higher than was reported in 2008. As a share of imports and U.S. shipments of imports, these inventories increased from 2008 to 2009, but fell in 2010, while remaining at a level higher than that reported in 2008. There were \*\*\* U.S. inventories of steel wheels imported from Canada and Germany and \*\*\* reported U.S. inventories of steel wheels imported from Mexico. The inventories of steel wheel imports from other nonsubject sources, which were collectively about \*\*\* the amount of Chinese steel wheels held in inventory in the United States, fell from 2008 to 2009 and remained constant in 2010.

### **U.S. IMPORTERS' CURRENT ORDERS**

The Commission requested importers to indicate whether they imported or arranged for the importation of steel wheels from China for delivery after December 31, 2010. Thirteen U.S. importers reported that they had placed orders for subject steel wheels from China for delivery into the United States after December 31, 2010. All 13 U.S. importers reported such imports for delivery during the first half of 2011, but only 3 U.S. importers reported imports for delivery during the second half of 2011. No U.S. importer reported imports for delivery after the fourth quarter of 2011. Aggregate data reported by these U.S. importers concerning their orders of subject steel wheels from China are presented in table VII-6.

**Table VII-6**  
**Steel wheels: U.S. importers' orders for steel wheel imports from China for delivery into the United States after December 31, 2010**

\* \* \* \* \*

### **ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS**

Certain interested parties participating in these investigations have claimed that antidumping investigations concerning steel wheel producers in China may have been conducted in the following countries: Argentina, Australia, Brazil, India, the European Union, and South Africa.<sup>9</sup> However, antidumping measures concerning steel wheels produced in China appear to be currently in place only in Argentina and India. In addition, antidumping measures concerning certain tubeless steel demountable rims produced in China are currently in place in Australia. The proceeding concerning imports of Chinese steel wheels into South Africa was terminated and the scope of the proceedings conducted by the European Commission ("EC") covered different wheel merchandise produced in China. Staff was unable to find evidence of any antidumping proceedings concerning wheels and/or rims in Brazil. Information obtained by Commission staff concerning investigations and/or antidumping measures in these countries are presented below.

In March 2007, the Government of India made final determinations and imposed antidumping duties on commercial steel wheels from China in sizes from 16 to 20 inches in nominal diameter. The antidumping duty imposed ranged from \$310.70 to \$368.18 per metric ton and applied to imports into

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<sup>9</sup> Conference transcript, pp. 8 and 36 (Schagrin); Petitioners' postconference brief, p. 27; and Respondent TTT's postconference brief, p. 2.

India from all Chinese producers and exporters of steel wheels in that size range.<sup>10</sup> This case was filed by the Indian affiliate of domestic producer Hayes Lemmerz. Hayes Lemmerz argued that the antidumping duties assessed by the Government of India on imports of Chinese steel wheels will allow their affiliate in India to survive. However, the firm also argued that it also means that Chinese exports that previously went to India will be entering the United States.<sup>11</sup>

Argentina announced a preliminary antidumping ruling in November 2009 concerning imports of Chinese steel wheels and rims. Provisional antidumping duties of \$3.14 per kilogram were levied by the Government of Argentina on subject imports from all Chinese producers and exporters of steel wheels and rims. Final determinations concerning imports of Chinese steel wheels and rims into Argentina are pending.<sup>12</sup>

\*\*\* Jining Centurion Wheel Mfg. Co., Ltd. (“JCW”), was named, along with other Chinese manufacturers, in a similar antidumping action in Australia in the recent past. \*\*\* the result of the finding was that JCW was the only Chinese manufacturer who was not found to be in violation and was not assessed any antidumping penalties, rates or tariffs. It appears that the action in Australia to which U.S. steel wheel importer Centurion referred \*\*\* pertained to certain tubeless steel demountable rims exported from China to Australia.<sup>13</sup> In that 2008 investigation, the Government of Australia determined that dumped imports of demountable rims from China caused material injury to the Australian industry producing like goods. Dumping margins calculated were in the range of 2.1 to 239.1 percent.<sup>14</sup>

The International Trade Administration Commission (“ITAC”) of South Africa conducted an investigation in 2005 into the alleged dumping of steel wheels originating in or imported into South Africa from China. ITAC determined that Chinese steel wheels were being dumped in the Southern African Customs Union and that material injury was occurring; however, ITAC found that the material injury was being caused by factors other than the dumping in question. Therefore, ITAC terminated the investigation.<sup>15</sup>

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<sup>10</sup> Petition, p. I-12 and *Chapter 87 Anti-dumping Duty Notifications, Anti-dumping Duty on Flat Base Steel Wheels Originating in or Exported from Specified Countries: {Notifn. No. 51/07-Cus., dt. 29.3.2007}*, <http://www.cbec.gov.in/customs/cst-0809/anti-dump-ch-87.pdf>.

<sup>11</sup> Conference transcript, p. 25 (Hampton).

<sup>12</sup> *World Trade Organization, Committee on Anti-Dumping Practices, Semi-Annual Report Under Article 16.4 of the Agreement–Argentina, March 31, 2011*, [http://www.wto.org/english/tratop\\_e/adp\\_e/adp\\_e.htm](http://www.wto.org/english/tratop_e/adp_e/adp_e.htm).

<sup>13</sup> The goods that were subject to that investigation were 8.25 inch by 22.5 inch tubeless steel demountable rims primarily used on heavy transport vehicles. The demountable rims were described as an assembly of a molded steel rim and a steel adaptor bar, whereby the rim is the outer rounded section to which a tire is fitted and the steel adaptor bar is a formed band of steel welded to the rim against which the cast wheel or ‘spider’ on the vehicle’s axle mates. Those goods were classified under tariff subheading 8708.70.99.

<sup>14</sup> *Report, Customs Act 1901 - Part XVB, Trade Measures Branch, Statement of Essential Facts, No. 142, Investigation into Alleged Dumping of Certain Tubeless Steel Demountable Rims Exported from the People’s Republic of China*, 24 October 2008, <http://www.customs.gov.au/webdata/resources/notices/SEF142.pdf>; and *Australian Customs Dumping Notice No. 2008/50, Certain Tubeless Steel Demountable Rims Exported from the People’s Republic of China*, December 31, 2008, <http://www.customs.gov.au/webdata/resources/notices/acdn0850.pdf>.

<sup>15</sup> “ITAC Notice of Termination of Investigation into Alleged Dumping of Steel Wheels,” *Government Gazette*, August 30, 2005, [http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause\\_dir\\_news\\_item&cause\\_id=1694&news\\_id=45236&cat\\_id=1086](http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause_dir_news_item&cause_id=1694&news_id=45236&cat_id=1086).

In May 2010, the European Commission (“EC”) announced a preliminary antidumping ruling concerning imports of Chinese *aluminum* road wheels. The EC levied a provisional antidumping duty of 20.6 percent uniformly on all Chinese producers and exporters of *aluminum* road wheels.<sup>16</sup>

### INFORMATION ON NONSUBJECT SOURCES

According to the *Global Trade Atlas*, China was the world’s leading exporter of wheels (including parts and accessories) for motor vehicles (figure VII-1).<sup>17</sup> China’s exports of wheels to all countries fell from \$3.3 billion in 2008 to \$2.4 billion in 2009, but increased to \$3.5 billion in 2010. China’s exports accounted for 21.4 percent of global exports in 2008, 23.3 percent in 2009, and 25.4 percent in 2010.

As noted earlier, there are three producers of steel wheels in the United States (Accuride, Hayes Lemmerz, and Titan) and more than 50 producers of subject steel wheels in China.<sup>18</sup> According to data collected in response to Commission questionnaires in these investigations, the largest nonsubject U.S. import source of steel wheels is Mexico, accounting for \*\*\* percent of apparent U.S. consumption during 2010. The primary producers of steel wheels in Mexico today are believed to be Accuride and Maxion.<sup>19</sup> Sizeable producers of steel wheels in other countries include the following: Brazil (Maxion and Borlem/Hayes Lemmerz), Canada (Accuride), Colombia (Cofre), Germany (Hayes Lemmerz), India (Hayes Lemmerz), Japan (Isuzu and Topy), Spain (Hayes Lemmerz), Sri Lanka (Loadstar), and Turkey (Jantas/Hayes Lemmerz).

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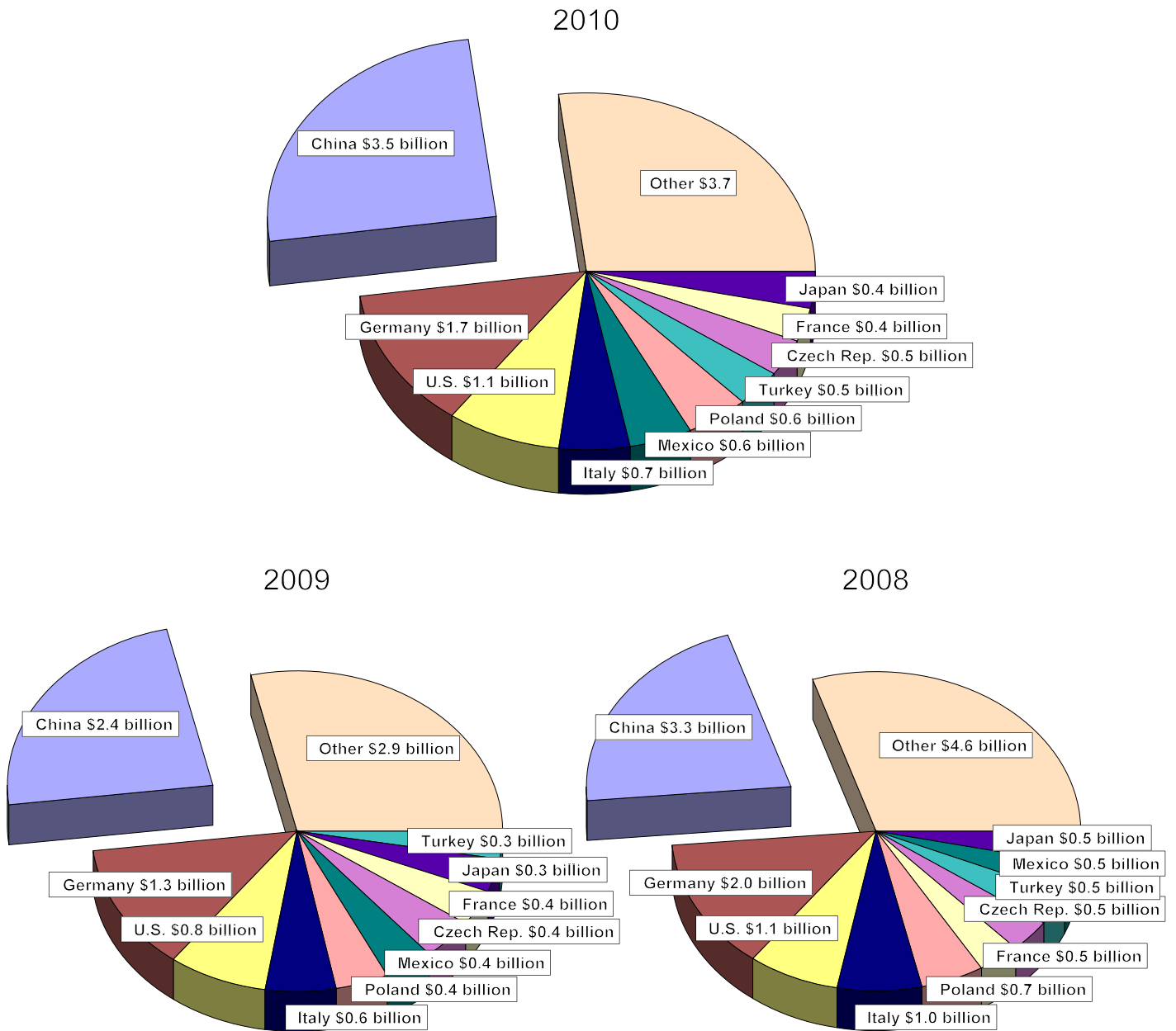
<sup>16</sup> *World Trade Organization*, Committee on Anti-Dumping Practices, Semi-Annual Report Under Article 16.4 of the Agreement—European Union, March 28, 2011, [http://www.wto.org/english/tratop\\_e/adp\\_e/adp\\_e.htm](http://www.wto.org/english/tratop_e/adp_e/adp_e.htm)

<sup>17</sup> The global export data presented are derived from the *Global Trade Atlas*, HTS 8708.70. The products covered under this six-digit HTS classification include all wheels for motor vehicles and include all parts and accessories. The subject steel wheels are included in the presentation, as are many other products, such as steel wheels outside the size range of the subject steel wheels, wheels made from aluminum, and nonsubject parts and accessories.

<sup>18</sup> Petition, exh. I-1; and conference transcript, p. 19 (Schomer).

<sup>19</sup> Maxion acquired the wheel-making assets of Mexican steel wheel producer Arvin-Meritor in 2009. “Iochpe-Maxion Purchases ArvinMeritor Wheels Business,” *Business News Americas*, August 6, 2009, [http://www.bnamericas.com/news/metals/Iochpe-Maxion\\_purchases\\_ArvinMeritor\\_wheels\\_business](http://www.bnamericas.com/news/metals/Iochpe-Maxion_purchases_ArvinMeritor_wheels_business).

**Figure VII-1**  
**Steel wheels and related products: Exporters of wheels for motor vehicles (including parts and accessories), by value of exports to world, 2008-10**



Source: Global Trade Atlas, HTS 8708.70.



**APPENDIX A**  
***FEDERAL REGISTER NOTICES***





3. Surface Storage (new Wymer Dam and Reservoir, Bumping Reservoir enlargement, Kachess inactive storage);
4. Groundwater Storage (groundwater infiltration prior to storage control);
5. Fish Habitat (mainstem floodplain restoration program);
6. Enhanced Water Conservation (agricultural water and municipal/domestic conservation); and
7. Market-Based Reallocation of Water Resources (institutional improvements to facilitate market-based water transfers).

The proposed plan may affect Indian trust assets of the Yakama Nation and the Confederated Tribes of the Umatilla Indian Reservation. There are no known adverse or significant impacts to minority or low-income populations or communities associated with this proposal.

Reclamation is requesting early public comment and agency input to help identify significant issues and alternatives to be addressed in the Programmatic EIS. Information obtained during the scoping period will help in developing information to be included in the Programmatic EIS. A Draft Programmatic EIS is expected to be issued in winter of 2011, followed by an opportunity for public and agency review and comment. The Final Programmatic EIS is anticipated for completion in spring of 2012. A Record of Decision, describing which alternative is selected for implementation, and the rationale for its selection, would then be issued following a 30-day waiting period.

#### Public Involvement

Reclamation and Ecology will conduct public scoping meetings to solicit comments on the alternatives for the Integrated Water Resource Management Plan, and to identify potential issues and impacts associated with those alternatives. Reclamation and Ecology will summarize comments received during the scoping meetings and from letters of comment received during the scoping period, identified under the **DATES** section, into a scoping summary document that will be made available to those who have provided comments. It will also be available to others upon request. If you wish to comment, you may provide your comments as indicated under the **ADDRESSES** section.

#### Public Disclosure

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 may 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: March 29, 2011.

**Steven L. Brawley**,

*Acting Regional Director, Pacific Northwest Region.*

[FR Doc. 2011-7969 Filed 4-4-11; 8:45 am]

**BILLING CODE 4310-MN-P**

## INTERNATIONAL TRADE COMMISSION

**[Investigation Nos. 701-TA-478 and 731-TA-1182 (Preliminary)]**

### Certain Steel Wheels From China

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of antidumping and countervailing duty investigations and scheduling of preliminary phase investigations.

**SUMMARY:** The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping and countervailing duty investigations Nos. 701-TA-478 and 731-TA-1182 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain steel wheels, provided for in subheading 8708.70 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value and alleged to be subsidized by the Government of China. Unless the Department of Commerce extends the time for initiation pursuant to sections 702(c)(1)(B) or 732(c)(1)(B) of the Act (19 U.S.C. 1671a(c)(1)(B) or 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping and countervailing duty investigations in 45 days, or in this case by May 16, 2011. The Commission's views are due at Commerce within five business days thereafter, or by May 23, 2011.

For further information concerning the conduct of these investigations 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 and B (19 CFR part 207).

**DATES:** *Effective Date:* March 30, 2011.

**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193) or Douglas Corkran (202-205-3057), 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 these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

#### SUPPLEMENTARY INFORMATION:

**Background.**—These investigations are being instituted in response to a petition filed on March 30, 2011, by Accuride Corp., Evansville, IN, and Hayes Lemmerz International, Inc., Northville, MI.

**Participation in the investigations and public service list.**—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. 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 these investigations upon the expiration of the period for filing entries of appearance.

**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 these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal**

**Register.** A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Conference.**—The Commission's Director of Investigations has scheduled a conference in connection with these investigations for 8:45 a.m. on April 20, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the conference should be filed in writing with the Secretary to the Commission on or before April 18, 2011. Parties in support of the imposition of antidumping and countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

**Written submissions.**—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before April 25, 2011, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must 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).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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:** These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: March 31, 2011.

**James R. Holbein,**

*Acting Secretary to the Commission.*

[FR Doc. 2011-7997 Filed 4-4-11; 8:45 am]

**BILLING CODE 7020-02-P**

## INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731-TA-1063, 1064, 1066-1068 (Review)]

### Frozen Warmwater Shrimp From Brazil, China, India, Thailand, and Vietnam

#### Determinations

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, 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 orders on frozen warmwater shrimp from Brazil, China, India, Thailand, and Vietnam would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup>

#### Background

The Commission instituted these reviews on January 4, 2010 (75 FR 1078, January 8, 2010) and determined on April 9, 2010 that it would conduct full reviews (75 FR 22424, April 28, 2010). Notice of the scheduling of the Commission's reviews 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 August 11, 2010 (75 FR 48724). The hearing was held in Washington, DC, on February 1, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determinations in these reviews to the Secretary of Commerce on March 30, 2011. The views of the Commission are contained in USITC Publication 4221 (March 2011), entitled *Frozen*

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

<sup>2</sup> Commissioner Daniel R. Pearson determines that revocation of the antidumping duty orders covering frozen warmwater shrimp from Brazil, China, India, Thailand, and Vietnam 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.

*Warmwater Shrimp From Brazil, China, India, Thailand, and Vietnam: Investigation Nos. 1063, 1064, 1066-1068 (Review).*

By order of the Commission.

Issued: March 30, 2011.

**James R. Holbein,**

*Acting Secretary to the Commission.*

[FR Doc. 2011-7996 Filed 4-4-11; 8:45 am]

**BILLING CODE P**

## DEPARTMENT OF JUSTICE

### Notice of Lodging of Consent Decree Under the Comprehensive Environmental Response, Compensation and Liability Act

Notice is hereby given that on March 18, 2011, a proposed Consent Decree in *United States v. Exxon Mobil Corporation, et al.*, C.A. No. 4:11-cv-01037 (S.D. Tex.), was lodged with the United States District Court for the Southern District of Texas. The Consent Decree resolves the United States' claims for response costs against a number of defendants, pursuant to Section 107(a)(3) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. 9607(a)(3). The complaint filed simultaneously with the lodging of the Consent Decree names as defendants Exxon Mobil Corporation, Ashland, Inc., Eurecat U.S. Incorporated, Akzo Nobel, Inc., Flint Hills Resources, LP, Irving Oil Limited, ConocoPhillips Company, Texaco, Inc., and Chevron U.S.A., Inc. The claims against the defendants relate to response costs incurred by the United States in connection with response activities taken with respect to the Many Diversified Interests Site, at Operable Unit 1 ("OU-1"), located in Houston, Texas. Specifically, the United States' complaint alleges that the defendants sent spent catalyst that contained hazardous substances, including, but not limited to nickel and molybdenum, to OU-1 for disposal or treatment. Under the Consent Decree, the defendants will pay the United States \$1,750,000 in reimbursement of a portion of the response costs incurred by the United States in connection with OU-1.

The Department of Justice will receive for a period of thirty (30) days from the date of this publication comments relating to the Consent Decree. Comments should be addressed to the Assistant Attorney General, Environment and Natural Resources Division, and either e-mailed to [pubcomment-ees.enrd@usdoj.gov](mailto:pubcomment-ees.enrd@usdoj.gov), or

return/destruction or conversion to judicial protective order of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This administrative review and this notice are published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: April 18, 2011.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

## Appendix I

List of Comments in the Accompanying Issues and Decision Memorandum

Comment 1: Alleged Procedural Irregularities

Comment 2: Timeliness of Petitioner's New Factual Information Submission

Comment 3: Application of Adverse Inferences to Petitioner

Comment 4: Watanabe's Inability to Respond Based on Bracketing of Information

Comment 5: Petitioner's Case Brief Was Properly Rejected but Should Not Have Been Allowed To Be Resubmitted

Comment 6: Application of Adverse Inferences With Respect to Watanabe

Comment 7: Factors of Production and Surrogate Values

[FR Doc. 2011-10073 Filed 4-25-11; 8:45 am]

BILLING CODE 3510-DS-P

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-973]

### Certain Steel Wheels From the People's Republic of China: Initiation of Antidumping Duty Investigation

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**DATES:** *Effective Date:* April 26, 2011.

**FOR FURTHER INFORMATION CONTACT:** Brendan Quinn or Bobby Wong, AD/CVD Operations, Office 8, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482-5848 and (202) 482-0409, respectively.

#### SUPPLEMENTARY INFORMATION:

#### The Petition

On March 30, 2011, the Department of Commerce ("Department") received an antidumping duty ("AD") petition concerning imports of certain steel wheels ("steel wheels") from the People's Republic of China ("PRC") filed in proper form by Accuride Corporation ("Accuride") and Hayes Lemmerz

International, Inc. (collectively, "Petitioners").<sup>1</sup> On April 6, 2011, the Department issued supplemental questions to Petitioners regarding certain issues in the Petition.<sup>2</sup> Petitioners responded to the questions with supplemental responses on April 11, 2011.<sup>3</sup> On April 12, 2011, the Department requested additional information on certain issues.<sup>4</sup> On April 14, 2011, Petitioners provided a response to the Department's requests.<sup>5</sup> On April 14, 2011, the Department requested further clarification with respect to the Petition, which Petitioners submitted on April 15, 2011.<sup>6</sup> On April 18, 2011, the Department further clarified the scope of the Petition with Petitioners.<sup>7</sup>

In accordance with section 732(b) of the Tariff Act of 1930, as amended ("the Act"), Petitioners allege that imports of steel wheels from the PRC are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports materially injure, or threaten material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are interested parties as defined in section 771(9)(C) of the Act, and they have demonstrated sufficient industry support with respect to the investigation that they are requesting the Department to initiate (see "Determination of Industry Support for the Petition" below). The Department also notes that, pursuant to section 732(b)(1) of the Act, the Petition is accompanied by

<sup>1</sup> See the Petition for the Imposition of Antidumping and Countervailing Duties Pursuant to Sections 701 and 731 of the Tariff Act of 1930, as amended ("Petition"), filed on March 30, 2011.

<sup>2</sup> See April 6, 2011, Petition for the Imposition of Antidumping Duties on Steel Wheels from the People's Republic of China: Supplemental Questions.

<sup>3</sup> See Supplement to the AD/CVD Petitions dated April 11, 2011 ("First Supplement to the AD/CVD Petitions"). See also April 11, 2011, Petition for the Imposition of Antidumping Duties on Steel Wheels from the People's Republic of China: PRC AD Supplemental Questionnaire Response ("PRC AD Supplement to the Petitions").

<sup>4</sup> See April 12, 2011, Memorandum to the File, regarding "Phone Conference with and Request for Further Information from Petitioners."

<sup>5</sup> See Supplement to the AD/CVD Petitions dated April 14, 2011 ("Second Supplement to the AD/CVD Petitions").

<sup>6</sup> See Supplement to the AD/CVD Petitions dated April 15, 2011 ("Third Supplement to the AD/CVD Petitions").

<sup>7</sup> See April 18, 2011, Memorandum to the File RE: Petitions for the Imposition of Antidumping ("AD") and Countervailing Duties ("CVD") on Steel Wheels from the People's Republic of China ("PRC"), Clarification of Scope Language, on file in the Central Records Unit ("CRU"), Room 7046 of the main Department of Commerce building.

information reasonably available to Petitioners supporting their allegations.

#### Scope of the Investigation

The products covered by this investigation are steel wheels from the PRC. For a full description of the scope of the investigation, see "Scope of the Investigation," in Appendix I of this notice.

#### Comments on Scope of the Investigation

During our review of the Petition, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages interested parties to submit such comments by Monday, May 9, 2011, twenty calendar days from the signature date of this notice. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

#### Comments on Product Characteristics for Antidumping Duty Questionnaires

We are requesting comments from interested parties regarding the appropriate physical characteristics of steel wheels to be reported in response to the Department's antidumping questionnaires. This information will be used to identify the key physical characteristics of the merchandise under investigation in order to more accurately report the relevant factors and costs of production, as well as to develop appropriate product comparison criteria.

Interested parties may provide any information or comments that they feel are relevant to the development of an accurate listing of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as: (1) General product characteristics; and (2) the product comparison criteria. We note that it is not always appropriate to use all product characteristics as product comparison criteria. We base product comparison criteria on meaningful commercial differences

among products. In other words, while there may be some physical product characteristics utilized by manufacturers to describe steel wheels, it may be that only a select few product characteristics take into account commercially meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in product matching. Generally, the Department attempts to list the most important physical characteristics first and the least important characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaires, we must receive comments at the above-referenced address by May 9, 2011. Additionally, rebuttal comments, limited to issues raised in the comments, must be received by May 16, 2011.

#### Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The U.S. International Trade Commission (“ITC”), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply

the same statutory definition regarding the domestic like product (see section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.<sup>8</sup> Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that steel wheels constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product.<sup>9</sup>

In determining whether Petitioners have standing under section 732(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the “Scope of Investigations” section in Appendix I of this Notice. To establish industry support, Petitioners provided their production of the domestic like product in 2010.<sup>10</sup> Petitioners compared their production to the estimated total production of the domestic like product for the entire domestic industry.<sup>11</sup> To support their estimation of industry support, Petitioners provided an affidavit from an employee of Accuride, who has 40 years professional experience in the steel wheels

industry.<sup>12</sup> We have relied upon data Petitioners provided for purposes of measuring industry support.<sup>13</sup>

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, we find that the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling).<sup>14</sup> Second, we find that the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.<sup>15</sup> Finally, we find that the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because they are an interested party as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the AD investigation that they are requesting the Department initiate.<sup>16</sup>

#### Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value (“NV”). In addition, Petitioners provide data that demonstrate that subject imports exceed the negligibility

<sup>8</sup> See *USEC, Inc. v. United States*, 25 C.I.T. 49, 56(2001) (citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff’d* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989)).

<sup>9</sup> For a discussion of the domestic like product analysis in this case, see Antidumping Duty Investigation Initiation Checklist: Steel Wheels from the People’s Republic of China (“Initiation Checklist”), at Attachment II, Analysis of Industry Support for the Petitions Covering Steel Wheels from the People’s Republic of China, on file in the CRU.

<sup>10</sup> See Volume I of the Petition, at I–3.

<sup>11</sup> See *id.*

<sup>12</sup> See Second Supplement to the AD/CVD Petitions, at 1, and Exhibit 1.

<sup>13</sup> For further discussion, see Initiation Checklist at Attachment II.

<sup>14</sup> See Section 732(c)(4)(D) of the Act, and Initiation Checklist at Attachment II.

<sup>15</sup> See Initiation Checklist at Attachment II.

<sup>16</sup> For further discussion, please see Initiation Checklist at Attachment II.

threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share, lost sales and revenues, reduced production, reduced capacity utilization rate, decreased shipments, underselling, reduced employment, reduced hours worked, reduced wages paid, decline in financial performance, and an increase in import penetration.<sup>17</sup> We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation.<sup>18</sup>

#### Period of Investigation

In accordance with 19 CFR 351.204(b)(1), because this Petition was filed on March 30, 2011, the period of investigation ("POI") is July 1, 2010, through December 31, 2010.

#### Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department has based its decision to initiate this investigation with respect to imports of steel wheels from the PRC. The sources of data for the deductions and adjustments relating to U.S. price and NV are further discussed in the Initiation Checklist at Attachment V. Should the need arise to use any of this information as facts available under section 776 of the Act, we may reexamine the information and revise the margin calculations, if appropriate.

#### U.S. Price

Petitioners calculated export prices ("EPs") for steel wheels based on two sources: (1) Price quotes from a Chinese company,<sup>19</sup> adjusted for certain movement expenses,<sup>20</sup> and (2) average unit values ("AUVs") for the POI of imports of steel wheels from the PRC.

To value brokerage and handling, Petitioners used data published in *Doing Business 2010: India*, published by the World Bank. However, Petitioners included foreign domestic freight costs in its calculation of surrogate brokerage and handling,

which the Department excludes from the calculation, and therefore, for this initiation, we have excluded the line item from the calculation. Additionally, because the World Bank publication provided by Petitioners reported data from 2009, the Department inflated the value to be contemporaneous with the proposed POI.<sup>21</sup>

To value inland freight, Petitioners obtained information from [www.infobanc.com](http://www.infobanc.com). However, for the initiation, the Department revised Petitioners' calculation of the surrogate inland freight expense to reflect the Department's current domestic inland freight methodology.<sup>22</sup>

#### Normal Value

Petitioners state that, in every previous administrative review and less-than-fair-value investigation involving merchandise from the PRC, the Department has concluded that the PRC is a non-market economy country ("NME") and, as the Department has not revoked this determination, its NME status remains in effect.<sup>23</sup> In accordance with section 771(18)(c)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and, therefore, remains in effect for the purposes of initiating this investigation.<sup>24</sup>

Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market economy country or countries, in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

<sup>21</sup> See Initiation Checklist at Attachment V.

<sup>22</sup> See Initiation Checklist at Attachment V; see, e.g., *Pure Magnesium From the People's Republic of China: Final Results of the 2008-2009 Antidumping Duty Administrative Review of the Antidumping Duty Order*, 75 FR 80791 (December 23, 2010) and accompanying Issues and Decision Memorandum at Comment 11.

<sup>23</sup> See Petition Volume II, at II-1 and II-2.

<sup>24</sup> See generally Memorandum from the Office of Policy to David M. Spooner, Assistant Secretary for Import Administration, regarding The People's Republic of China Status as a Non-Market Economy, dated May 15, 2006. This document is available online at <http://ia.ita.doc.gov/download/prc-nme-status/prc-nme-status-memo.pdf>. Additionally, in recent investigations, the Department has continued to determine that the PRC is an NME country. See, e.g., *Drill Pipe From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Critical Circumstances*, 76 FR 1966 (January 11, 2011) ("*Drill Pipe from the PRC*"); and *Aluminum Extrusions From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 18524 (April 4, 2011).

Petitioners claim that India is the appropriate surrogate market economy country because it is at a comparable level of economic development to the PRC and it is a significant producer of comparable merchandise.<sup>25</sup> Petitioners state that the Department has determined in previous investigations and administrative reviews that India is at a level of development comparable to the PRC.<sup>26</sup>

Based on the information provided by Petitioners, the Department believes that the use of India as a surrogate country is appropriate for purposes of initiation. However, after initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioners provided dumping margin calculations using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioners calculated NV based on the product-specific consumption rates of Accuride. Petitioners note that they used Accuride's data because the consumption rates for the factors of production used by PRC producers are not known, or reasonably available, to Petitioners.<sup>27</sup> Petitioners also believe that PRC steel wheel producers use hot-rolled steel coil and a similar process in manufacturing steel wheels as Accuride.<sup>28</sup>

Petitioners valued the factors of production using reasonably available public surrogate country data, including India import data from the Monthly Statistics of the Foreign Trade of India from the period February 2010 through July 2010, the most current data available. Petitioners excluded from these import statistics imports from countries previously determined by the Department to be NME countries. Petitioners also excluded import statistics from countries previously determined by the Department to maintain broadly available, non-industry-specific export subsidies and import statistics for non-specified countries.<sup>29</sup>

<sup>25</sup> See Petition Volume II, at II-1 to II-2.

<sup>26</sup> See *id.*

<sup>27</sup> See *id.* at II-3 and Exhibit II-3-C.

<sup>28</sup> See *id.* at II-3 and 4.

<sup>29</sup> See Petition Volume II, at II-5 and Exhibit II-3-D-1 through Exhibit II-3-D-6. See also PRC AD Supplement to the Petition at 7 and Exhibit 6.

<sup>17</sup> See Volume I of the Petition, at I-6-12, and Exhibits I-4-I-9.

<sup>18</sup> For further discussion, please see Initiation Checklist at Attachment III.

<sup>19</sup> See Initiation Checklist and Petition Volume II at Exhibit II-2-A.

<sup>20</sup> See Petition Volume II at Exhibit II-1-A, and First Supplement to the AD/CVD Petitions, at Exhibit 5.

Petitioners valued hot-rolled steel coils using HTS category 7208.36.10 because the description of the HTS offers greater specificity with respect to the thickness of the steel. Similarly, Petitioners valued: (1) Hot-rolled steel coil using HTS category 7211.14.40; (2) steel scrap using HTS 7204.10; and (3) weld wire using HTS category 8311.20.<sup>30</sup>

Petitioners explained that because they were unable to obtain a suitable surrogate value for paint, Petitioners have excluded the input from the calculation of NV.<sup>31</sup>

Petitioners valued electricity using the 2008 Central Electric Authority of India, for small, medium, and large industries. These electricity rates represent actual country-wide, publicly-available information on tax-exclusive electricity rates charged to industries in India. As the rates listed in this source became effective on a variety of different dates, Petitioners did not adjust the average value for inflation.<sup>32</sup> For natural gas, Petitioners used data provided by the Natural Gas Authority of India.<sup>33</sup> For water, Petitioners used the average water rates for the Maharashtra Province derived from the Maharashtra Industrial Development Corporation's industrial water tariffs as of June 8, 2009.<sup>34</sup>

Petitioners submitted the wage rate calculation from *Drill Pipe from the PRC*, which relies on the Department's current methodology to value labor.<sup>35</sup> For the purposes of initiation, to value labor the Department relied on the value for the wage rate calculated in *Drill Pipe from the PRC*.

Petitioners provided wholesale price index ("WPI") as published by the Office of Economic Adviser to the Government of India,<sup>36</sup> and explained that they were unable to obtain the WPI to cover the entire proposed POI. Therefore, for the initiation, the Department has adjusted Petitioners' calculations and applied that Department's normal inflation methodology using WPI for the entirety of the proposed POI from the International Monetary Fund, International Financial Statistics database,<sup>37</sup> where appropriate.<sup>38</sup>

<sup>30</sup> See Petition Volume II, at II-3 through II-9; and Exhibit II-3-D-1 to Exhibit II-3-D-6.

<sup>31</sup> See PRC AD Supplement to the Petitions at 2.

<sup>32</sup> See Second Supplement to the AD/CVD Petitions at 1 and Exhibit 2.

<sup>33</sup> See Petition Volume II, at II-10 and Exhibit II-3-E-2.

<sup>34</sup> See Petition Volume II, at Exhibit II-3-E-3.

<sup>35</sup> See Third Supplement to the AD/CVD Petitions, at Exhibit 2.

<sup>36</sup> See Petition Volume II, at Exhibit II-3-F.

<sup>37</sup> See, e.g., *Drill Pipe from the PRC* and accompanying Issues and Decision Memorandum at Comment 3.

<sup>38</sup> See Initiation Checklist at Attachment V.

To calculate factory overhead, selling, general and administrative expenses, and profit for integrated producers, Petitioners relied on the financial statements of Wheels India Limited and Steel Strip Wheels Limited, Indian producers of comparable merchandise.<sup>39</sup>

#### Fair Value Comparisons

Based on the data provided by Petitioners, we find that there is reason to believe that imports of steel wheels from the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on the comparison of EP and U.S. import AUVs to NV, as noted above, the estimated dumping margins for the PRC range from 30.25 percent to 193.54 percent.

#### Initiation of Antidumping Investigation

Based upon the examination of the Petition concerning steel wheels from the PRC and other information reasonably available to the Department, the Department finds that this Petition meets the requirements of section 732 of the Act. Therefore, pursuant to section 732(c)(1)(A) of the Act, we are initiating an AD investigation to determine whether imports of steel wheels from the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act, unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

#### Targeted Dumping Allegations

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted dumping analysis in antidumping duty investigations, and the corresponding regulation governing the deadline for targeted dumping allegations, 19 CFR 351.301(d)(5).<sup>40</sup> The Department stated that "withdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area."<sup>41</sup>

In order to accomplish this objective, if any interested party wishes to make a targeted dumping allegation in this investigation pursuant to section 777A(d)(1)(B) of the Act, such allegation is due no later than 45 days before the

<sup>39</sup> See Petition Volume II, at Exhibit II-3-I.

<sup>40</sup> See *Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations*, 73 FR 74930 (December 10, 2008).

<sup>41</sup> *Id.* at 74931.

scheduled date of the preliminary determination.

#### Respondent Selection

For this investigation, the Department will request quantity and value information from known exporters and producers identified with complete contact information in the Petition. The quantity and value data received from NME exporters/producers will be used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status.<sup>42</sup> On the date of the publication of this initiation notice in the **Federal Register**, the Department will post the quantity and value questionnaire along with the filing instructions on the Import Administration web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html>, and a response to the quantity and value questionnaire is due no later than May 10, 2011. Also, the Department will send the quantity and value questionnaire to those PRC companies identified in Volume I of the Petition, at Exhibit I-2.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Department's Web site at <http://ia.ita.doc.gov/apo>.

#### Separate Rates Application

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application.<sup>43</sup> The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's Web site at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application will be due 60 days after publication of this initiation notice. For exporters and producers who submit a

<sup>42</sup> See, e.g., *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221, 10225 (February 26, 2008); *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (April 28, 2005).

<sup>43</sup> See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries, dated April 5, 2005 ("Policy Bulletin"), available on the Department's Web site at <http://ia.ita.doc.gov/policy/bull05-1.pdf>.

separate-rate status application and subsequently are selected as mandatory respondents, these exporters and producers will no longer be eligible for consideration for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents. As noted in the "Respondent Selection" section above, the Department requires that respondents submit a response to both the quantity and value questionnaire and the separate rate application by the respective deadlines in order to receive consideration for separate-rate status.

#### Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Policy Bulletin states:

{W}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.

See Policy Bulletin at 6 (emphasis added).

#### Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public versions of the Petition have been provided to the representatives of the Government of the PRC. Because of the large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

#### ITC Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

#### Preliminary Determinations by the ITC

The ITC will preliminarily determine, no later than May 16, 2011, whether there is a reasonable indication that imports of steel wheels from the PRC are materially injuring, or threatening material injury to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

#### Notification to Interested Parties

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures*, 73 FR 3634. Parties wishing to participate in these investigations should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an antidumping duty or countervailing duty proceeding must certify to the accuracy and completeness of that information.<sup>44</sup> Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any antidumping duty or countervailing duty proceedings initiated on or after March 14, 2011.<sup>45</sup> The formats for the revised certifications are provided at the end of the *Interim Final Rule*. The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: April 19, 2011.

**Ronald K. Lorentzen,**  
Deputy Assistant Secretary for Import Administration.

#### Appendix I

##### Scope of the Investigation

The products covered by this investigation are steel wheels with a wheel diameter of 18 to 24.5 inches. Rims and discs for such wheels are included, whether imported as an

assembly or separately. These products are used with both tubed and tubeless tires. Steel wheels, whether or not attached to tires or axles, are included. However, if the steel wheels are imported as an assembly attached to tires or axles, the tire or axle is not covered by the scope. The scope includes steel wheels, discs, and rims of carbon and/or alloy composition and clad wheels, discs, and rims when carbon or alloy steel represents more than fifty percent of the product by weight. The scope includes wheels, rims, and discs, whether coated or uncoated, regardless of the type of coating.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States ("HTSUS"): 8708.70.05.00, 8708.70.25.00, 8708.70.45.30, and 8708.70.60.30. These HTSUS numbers are provided for convenience and customs purposes only; the written description of the scope is dispositive.

[FR Doc. 2011-10076 Filed 4-25-11; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-580-866]

#### Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea: Initiation of Countervailing Duty Investigation

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**DATES:** *Effective Date:* April 26, 2011.

**FOR FURTHER INFORMATION CONTACT:** Justin Neuman or Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482-0486 or (202) 482-1391, respectively.

#### SUPPLEMENTARY INFORMATION:

##### The Petition

On March 30, 2011, the Department of Commerce (the Department) received a countervailing duty (CVD) petition concerning imports of bottom mount combination refrigerator-freezers (bottom mount refrigerators) from the Republic of Korea (Korea) filed in proper form by Whirlpool Corporation (the petitioner), a domestic producer of bottom mount refrigerators. See "Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea and Mexico: Antidumping and Countervailing Duty Petitions on Behalf of Whirlpool Corporation," dated March 30, 2011 (Korea CVD Petition). On April 5, 6, 12, and 14, 2011, the Department issued additional requests for information and clarification of certain

<sup>44</sup> See section 782(b) of the Act.

<sup>45</sup> See *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule*, 76 FR 7491 (February 10, 2011) ("*Interim Final Rule*") amending 19 CFR 351.303(g)(1) and (2).



and 8418.10.0040 of the Harmonized Tariff System of the United States (HTSUS). Products subject to the investigation may also enter under HTSUS subheadings 8418.21.0010, 8418.21.0020, 8418.21.0030, 8418.21.0090, and 8418.99.4000, 8418.99.8050, and 8418.99.8060. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this scope is dispositive.

[FR Doc. 2011-10050 Filed 4-25-11; 8:45 am]

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-570-974]

#### Certain Steel Wheels From the People's Republic of China: Initiation of Countervailing Duty Investigation

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**DATES:** *Effective Date:* April 26, 2011.

**FOR FURTHER INFORMATION CONTACT:** Kristen Johnson or Eric B. Greynolds, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482-4793 and (202) 482-6071, respectively.

#### SUPPLEMENTARY INFORMATION:

##### The Petition

On March 30, 2011, the Department of Commerce (the Department) received a countervailing duty (CVD) petition concerning imports of certain steel wheels (steel wheels) from the People's Republic of China (the PRC) filed in proper form by Accuride Corporation (Accuride) and Hayes Lemmerz International, Inc. (collectively, Petitioners).<sup>1</sup>

On April 6, 2011, the Department issued supplemental questions to Petitioners regarding certain issues in the Petition.<sup>2</sup> Petitioners responded to the questions with supplemental

<sup>1</sup> See Petition for the Imposition of Countervailing Duties (Petition), filed on March 30, 2011. A public version of the Petition and all other public documents and public versions are available on the public file in the Central Records Unit (CRU), Room 7046 of the main Department of Commerce building.

<sup>2</sup> See April 6, 2011, Petition for the Imposition of Countervailing Duties on Steel Wheels from the People's Republic of China: Supplemental Questions, and April 6, 2011, Petition for the Imposition of Antidumping Duties on Steel Wheels from the People's Republic of China: Supplemental Questions.

responses on April 11, 2011.<sup>3</sup> On April 12, 2011, the Department requested additional information on certain issues.<sup>4</sup> On April 14, 2011, Petitioners provided a response to the Department's requests.<sup>5</sup> On April 14, 2011, the Department requested further clarification with respect to the Petition, which Petitioners submitted on April 15, 2011.<sup>6</sup> On April 18, 2011, the Department further clarified the scope of the Petition with Petitioners.<sup>7</sup>

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), Petitioners allege that producers/exporters of steel wheels from the PRC received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, and threaten further material injury to, an industry in the United States.

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because Petitioners are interested parties, as defined in section 771(9)(C) of the Act, and they have demonstrated sufficient industry support with respect to the investigation that they are requesting the Department to initiate (*see* "Determination of Industry Support for the Petition" below). The Department also notes that, pursuant to section 702(b)(1) of the Act, the Petition is accompanied by information reasonably available to Petitioners supporting their allegations.

##### Period of Investigation

The proposed period of investigation is January 1, 2010, through December 31, 2010.

##### Scope of Investigation

The products covered by this investigation are steel wheels from the PRC. For a full description of the scope of the investigation, *see* "Scope of the Investigation," in Appendix I of this notice.

<sup>3</sup> See Supplement to the AD/CVD Petitions dated April 11, 2011 (First Supplement to the AD/CVD Petitions).

<sup>4</sup> See April 12, 2011, Memorandum to the File, regarding "Phone Conference with and Request for Further Information from Petitioners."

<sup>5</sup> See Supplement to the AD/CVD Petitions dated April 14, 2011 (Second Supplement to the AD/CVD Petitions).

<sup>6</sup> See Supplement to the AD/CVD Petitions dated April 15, 2011 (Third Supplement to the AD/CVD Petitions).

<sup>7</sup> See April 18, 2011, Memorandum to the File, regarding "Petitions for the Imposition of Antidumping and Countervailing Duties on Steel Wheels from the People's Republic of China—Clarification of Scope Language."

#### Comments on Scope of Investigation

During our review of the Petition, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties; Countervailing Duties; Final rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages interested parties to submit such comments by Monday, May 9, 2011, twenty calendar days from the signature date of this notice. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

#### Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, on March 30, 2011, the Department invited representatives of the Government of the PRC (the GOC) for consultations with respect to the CVD petition. On April 14, 2011, the Department held consultations with representatives of the GOC via a conference call. *See* Memorandum on Consultations with Officials from the Government of the People's Republic of China on the Countervailing Duty Petitions regarding Steel Wheels and Galvanized Steel Wire (April 15, 2011).

#### Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in



order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The U.S. International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.<sup>8</sup> Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that steel wheels constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product.<sup>9</sup>

<sup>8</sup> *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff’d* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

<sup>9</sup> For a discussion of the domestic like product analysis in this case, *see* Countervailing Duty Investigation Initiation Checklist: Certain Steel Wheels from the People’s Republic of China (Initiation Checklist), at Attachment II, Analysis of Industry Support for the Petitions Covering Steel Wheels from the People’s Republic of China, on file in the CRU.

In determining whether Petitioners have standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the “Scope of Investigation” section in Appendix I of this notice. To establish industry support, Petitioners provided their production of the domestic like product in 2010.<sup>10</sup> Petitioners compared their production to the estimated total production of the domestic like product for the entire domestic industry.<sup>11</sup> To support their estimation of industry support, Petitioners provided an affidavit from an employee of Accuride, who has 40 years professional experience in the steel industry.<sup>12</sup> We have relied upon data Petitioners provided for purposes of measuring industry support.<sup>13</sup>

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, we find that the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling).<sup>14</sup> Second, we find that the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.<sup>15</sup> Finally, we find that the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.

The Department finds that Petitioners filed the Petition on behalf of the

<sup>10</sup> *See* Volume I of the Petition at I-3.

<sup>11</sup> *See id.*

<sup>12</sup> *See* Second Supplement to the AD/CVD Petitions, at 1, and Exhibit 1.

<sup>13</sup> For further discussion, *see* Initiation Checklist at Attachment II.

<sup>14</sup> *See* section 702(c)(4)(D) of the Act, and Initiation Checklist at Attachment II.

<sup>15</sup> *See* Initiation Checklist at Attachment II.

domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the CVD investigation that they are requesting the Department initiate.<sup>16</sup>

### Injury Test

Because the PRC is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

### Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of steel wheels from the PRC are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the domestic industry producing steel wheels. In addition, Petitioners provide data that demonstrates that the alleged imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry’s injured condition is illustrated by reduced market share, lost sales and revenues, reduced production, reduced capacity utilization rate, decreased shipments, underselling, reduced employment, reduced hours worked, and reduced wages paid, decline in financial performance, and an increase in import penetration.<sup>17</sup> We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation.<sup>18</sup>

### Initiation of Countervailing Duty Investigation

Section 702(b)(1) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a petition on behalf of an industry that: (1) Alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner(s) supporting the allegations. The Department has examined the Petition on steel wheels from the PRC and finds

<sup>16</sup> *See id.*

<sup>17</sup> *See* Volume I of the Petition, at I-6 to 12, and Exhibits 1-4 to 1-9.

<sup>18</sup> *See* Initiation Checklist at Attachment III.

that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a CVD investigation to determine whether manufacturers, producers, or exporters of steel wheels in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, see Initiation Checklist.

We are including in our investigation the following programs alleged in the Petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in the PRC:

*A. Preferential Loans and Interest Rates*

1. Policy Loans to the Steel Wheels Industry.
2. Treasury Bond Loans.
3. Preferential Loans for State-Owned Enterprises (SOEs).

*B. Income Tax and Other Direct Tax Benefit Program*

1. Income Tax Credits for Domestically-Owned Companies Purchasing Domestically-Produced Equipment.

*C. Subsidies for Foreign Invested Enterprises (FIEs)*

1. Two Free, Three Half Program.
2. Local Income Tax Exemption and Reduction Programs for Productive FIEs.
3. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises.
4. Income Tax Reductions for Export-Oriented FIEs.

*D. Indirect Tax and Tariff Exemption Programs*

1. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises. Using Imported Equipment In Encouraged Industries.
2. Deed Tax Exemption for SOEs Undergoing Mergers or Restructuring.
3. Export Subsidies Characterized as "VAT Rebates."

*E. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)*

1. Provision of Land to SOEs for LTAR.
2. Provision of Land Use Rights Within Donghai Economic Development Zone.<sup>19</sup>
3. Provision of Hot-Rolled Steel for LTAR.
4. Provision of Electricity for LTAR.

<sup>19</sup>This program was alleged as "Provision of Land Use Rights Within Designated Geographical Areas for Less Than Adequate Remuneration" in the Petition (see page III-22).

*F. Grant Programs*

1. State Key Technology Renovation Fund.
2. Export Assistance Grants in Zhejiang Province.<sup>20</sup>
3. GOC and Sub-Central Government Grants, Loans, and Other Incentives for Development of Famous Brands and China World Top Brands.

For further information explaining why the Department is investigating these programs, see Initiation Checklist.

We are not including in our investigation the following programs alleged to benefit producers and exporters of the subject merchandise in the PRC:

*A. Subsidies to Steel Wheel Producers Located in Economic Development Zones*

*B. Privatization Related Subsidies to Zhengxing Wheel Group Co., Ltd.*

1. Debt Forgiveness.
2. Non-Arm's Length Privatization.

*C. Export Loans From Policy Banks and State-Owned Commercial Banks*

*D. Currency Manipulation*

For further information explaining why the Department is not investigating these programs, see Initiation Checklist.

**Respondent Selection**

For this investigation, the Department expects to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the period of investigation. We intend to release the CBP data under the Administrative Protective Order (APO) to all parties with access to information protected by APO within five days of the announcement of the initiation of this investigation. Interested parties may submit comments regarding the CBP data and respondent selection within seven calendar days of publication of this notice. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice. Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on the Department's Web site at <http://ia.ita.doc.gov/apo>.

**Distribution of Copies of the Petition**

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the representatives of the GOC. Because of

<sup>20</sup>This program was alleged as "Export Assistance Grants" in the Petition (see page III-25).

the particularly large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the GOC, consistent with 19 CFR 351.203(c)(2).

**ITC Notification**

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

**Preliminary Determination by the ITC**

The ITC will preliminarily determine, within 45 days after the date on which the Petition is filed, whether there is a reasonable indication that imports of subsidized steel wheels from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. See section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

**Notification to Interested Parties**

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures* 73 FR 3634. Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an antidumping duty or countervailing duty proceeding must certify to the accuracy and completeness of that information. See section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any antidumping duty or countervailing duty proceedings initiated on or after March 14, 2011. See *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule*, 76 FR 7491 (February 10, 2011) (*Interim Final Rule*), amending 19 CFR 351.303(g)(1) and (2). The formats for the revised certifications are provided at the end of the *Interim Final Rule*. The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting

party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: April 19, 2011.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

## Attachment I

### Scope of the Investigation

The products covered by this investigation are steel wheels with a wheel diameter of 18 to 24.5 inches. Rims and discs for such wheels are included, whether imported as an assembly or separately. These products are used with both tubed and tubeless tires. Steel wheels, whether or not attached to tires or axles, are included. However, if the steel wheels are imported as an assembly attached to tires or axles, the tire or axle is not covered by the scope. The scope includes steel wheels, discs, and rims of carbon and/or alloy composition and clad wheels, discs, and rims when carbon or alloy steel represents more than fifty percent of the product by weight. The scope includes wheels, rims, and discs, whether coated or uncoated, regardless of the type of coating.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (HTSUS): 8708.70.05.00, 8708.70.25.00, 8708.70.45.30, and 8708.70.60.30. These HTSUS numbers are provided for convenience and customs purposes only; the written description of the scope is dispositive.

[FR Doc. 2011-10078 Filed 4-25-11; 8:45 am]

BILLING CODE 3510-DS-P

## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

RIN 0648-XA385

#### Endangered Species; File No. 15672

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Notice; receipt of application.

**SUMMARY:** Notice is hereby given that Molly Lutcavage, PhD, University of Massachusetts, Amherst, 108 Main Street, Gloucester MA, 01930, has applied in due form for a permit to take leatherback sea turtles (*Dermochelys*

*coriacea*) for purposes of scientific research.

**DATES:** Written, telefaxed, or e-mail comments must be received on or before May 26, 2011.

**ADDRESSES:** The application and related documents are available for review by selecting Records Open for Public Comment from the *Features* box on the Applications and Permits for Protected Species (APPS) home page, <https://apps.nmfs.noaa.gov>, and then selecting File No. 15672 from the list of available applications.

These documents are also available upon written request or by appointment in the following offices:

Permits, Conservation and Education Division, Office of Protected Resources, NMFS, 1315 East-West Highway, Room 13705, Silver Spring, MD 20910; phone (301) 713-2289; fax (301) 713-0376; and

Northeast Region, NMFS, 55 Great Republic Drive, Gloucester, MA 01930; phone (978) 281-9328; fax (978) 281-9394.

Written comments on this application should be submitted to the Chief, Permits, Conservation and Education Division:

- By e-mail to

[NMFS.Pr1Comments@noaa.gov](mailto:NMFS.Pr1Comments@noaa.gov) (include the File No. in the subject line of the e-mail),

- By facsimile to (301) 713-0376, or
- At the address listed above.

Those individuals requesting a public hearing should submit a written request to the Chief, Permits, Conservation and Education Division at the address listed above. The request should set forth the specific reasons why a hearing on this application would be appropriate.

**FOR FURTHER INFORMATION CONTACT:**

Colette Cairns or Amy Hapeman, (301) 713-2289.

**SUPPLEMENTARY INFORMATION:** The subject permit is requested under the authority of the Endangered Species Act of 1973, as amended (ESA; 16 U.S.C. 1531 *et seq.*) and the regulations governing the taking, importing, and exporting of endangered and threatened species (50 CFR 222-226).

Research authorized under Permit No. 15672 would characterize the distribution, movements and dive behavior of leatherback sea turtles in the waters of New England. This research would inform our understanding of leatherback habitat utilization, foraging behavior, and threats posed by entanglement risk. Researchers propose to conduct research on up to 30 leatherback sea turtles annually. Researchers would use animals that have been disentangled from fishing gear by the stranding network or they

would capture the animals using a breakaway hoopnet. Turtles would be measured, weighed, photographed and videotaped, flipper and passive integrated transponder tagged, blood, tissue, and fecal sampled, cloacal, oral, and nasal swabbed, tagged with an electronic transmitter, and released. The permit would be issued for 5 years.

Dated: April 19, 2011.

**P. Michael Payne,**

*Chief, Permits, Conservation and Education Division, Office of Protected Resources, National Marine Fisheries Service.*

[FR Doc. 2011-10037 Filed 4-25-11; 8:45 am]

BILLING CODE 3510-22-P

## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

#### Availability of Seats for the Stellwagen Bank National Marine Sanctuary Advisory Council

**AGENCY:** Office of National Marine Sanctuaries (ONMS), National Ocean Service (NOS), National Oceanic and Atmospheric Administration, Department of Commerce (DOC).

**ACTION:** Notice and request for applications.

**SUMMARY:** The ONMS is seeking applicants for the following seat on the Stellwagen Bank National Marine Sanctuary Advisory Council: (1) At-Large (Alternate) seat. Applicants are chosen based upon their particular expertise and experience in relation to the seat for which they are applying; community and professional affiliations; philosophy regarding the protection and management of marine resources; and possibly the length of residence in the area affected by the sanctuary.

Applicants who are chosen as members should expect to serve 3-year terms, pursuant to the Council's Charter. The Council consists also of three state and three federal non-voting ex-officio seats.

**DATES:** Applications are due by 10 June 2011.

**ADDRESSES:** Application kits may be obtained from [Elizabeth.Stokes@noaa.gov](mailto:Elizabeth.Stokes@noaa.gov), Stellwagen Bank National Marine Sanctuary, 175 Edward Foster Road, Scituate, MA 02066. Telephone 781-545-8026, ext. 201. Completed applications should be sent to the same address or email, or faxed to 781-545-8036.

**FOR FURTHER INFORMATION:** Contact [Nathalie.Ward@noaa.gov](mailto:Nathalie.Ward@noaa.gov), External Affairs Coordinator, telephone: 781-545-8026, ext. 206.

**SUPPLEMENTARY INFORMATION:**



**APPENDIX B**  
**CONFERENCE WITNESSES**



## CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

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

**Subject:** Certain Steel Wheels from China  
**Inv. Nos.:** 701-TA-478 and 731-TA-1182 (Preliminary)  
**Date and Time:** April 20, 2011 - 8:45 a.m.

Sessions were held in connection with these preliminary investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

### **OPENING REMARKS:**

Petitioner (**Roger B. Schagrin**, Schagrin Associates)  
Respondents (**Jeffrey C. Lowe**, Mayer Brown LLP)

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

Schagrin Associates  
Washington, D.C.  
on behalf of

Accuride Corporation  
Hayes Lemmerz International, Inc.

**Rick Schomer**, Senior Vice President of  
Marketing and Sales, Accuride Corporation

**William Noll**, Corporate Director of Quality,  
Accuride Corporation

**Donny Hampton**, Vice President and General  
Manager for the Americas, Hayes Lemmerz  
International, Inc.

**In Support of the Imposition of  
Antidumping and Countervailing Duty Orders (continued):**

**Denny Weisend**, Director of Commerical Wheel  
Sales, Hayes Lemmerz International, Inc.

**Matt Kato**, Director of Sales for the Americas,  
Hayes Lemmerz International, Inc.

**Roger B. Schagrin** )  
 ) – OF COUNSEL  
**John W. Bohn** )

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

Mayer Brown LLP  
Washington, D.C.  
on behalf of

The China Chamber of Commerce for Import and  
Export of Machinery and Electronic Products (“CCCME”)

**Jesse Wu**, Sales Director, Zhejiang Jingu Company, Ltd.

**Gwynn Orr**, Managing Partner, Marco Wheel Group  
LLC; *and* President, Orrco International, Inc.

**Will Orr**, Partner, Marco Wheel Group LLC; *and* Sales  
and Marketing, Orrco International, Inc.

**Cutter Orr**, Partner, Marco Wheel Group LLC; *and* Sales  
and Marketing, Orrco International, Inc.

**Thomas Murrah Cunningham**, President, The  
Cunningham Company, LLC



**In Opposition to the Imposition of  
Antidumping and Countervailing Duty Orders (continued):**

**Thomas F. Cunningham**, Vice President of Sales,  
The Cunningham Company, LLC

**Thomas Rogers**, Economic Consultant, Capital  
Trade, Inc.

**Jeffrey C. Lowe** ) – OF COUNSEL

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP  
Washington, D.C.  
on behalf of

Trans-Texas Tire

**Amanda Walker**, Executive Vice President, OEM Supply  
Chain, Trans-Texas Tire

**Max F. Schutzman** )  
 ) – OF COUNSEL  
**Patrick J. Caulfield** )

Squire, Sanders & Dempsey (US) LLP  
Washington, D.C.  
on behalf of

Advanced Wheel Sales LLC (“AWS”)

**David M. Spooner** )  
 ) – OF COUNSEL  
**Iain R. McPhie** )

**CLOSING REMARKS:**

Petitioner (**Roger B. Schagrin**, Schagrin Associates)  
Respondents (**Jeffrey C. Lowe**, Mayer Brown LLP)



**APPENDIX C**  
**SUMMARY DATA**



**Table C-1**  
**Steel wheels: Summary data concerning the U.S. market, 2008-10**

(Quantity=1,000 units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2008	2009	2010	2008-10	2008-09	2009-10
U.S. consumption quantity:						
Amount . . . . .	3,469	2,437	3,703	6.7	-29.7	51.9
Producers' share (1) . . . . .	***	***	***	***	***	***
Importers' share (1):						
China . . . . .	12.6	9.0	11.7	-0.9	-3.5	2.6
Canada . . . . .	***	***	***	***	***	***
Germany . . . . .	***	***	***	***	***	***
Mexico . . . . .	***	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***	***
Total imports . . . . .	***	***	***	***	***	***
U.S. consumption value:						
Amount . . . . .	235,979	159,344	213,659	-9.5	-32.5	34.1
Producers' share (1) . . . . .	***	***	***	***	***	***
Importers' share (1):						
China . . . . .	12.6	8.7	12.0	-0.6	-4.0	3.4
Canada . . . . .	***	***	***	***	***	***
Germany . . . . .	***	***	***	***	***	***
Mexico . . . . .	***	***	***	***	***	***
Other sources . . . . .	***	***	***	***	***	***
Total imports . . . . .	***	***	***	***	***	***
U.S. shipments of imports from:						
China:						
Quantity . . . . .	436	220	433	-0.7	-49.4	96.4
Value . . . . .	29,746	13,785	25,743	-13.5	-53.7	86.8
Unit value . . . . .	\$68.24	\$62.51	\$59.48	-12.8	-8.4	-4.9
Ending inventory quantity . . . .	54	41	64	17.8	-23.9	54.8
Canada:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . .	***	***	***	***	***	***
Germany:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . .	***	***	***	***	***	***
Mexico:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . .	***	***	***	***	***	***
Other sources:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . .	***	***	***	***	***	***
All sources:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . .	***	***	***	***	***	***

Table continued on next page.

**Table C-1--Continued**  
**Steel wheels: Summary data concerning the U.S. market, 2008-10**

(Quantity=1,000 units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2008	2009	2010	2008-10	2008-09	2009-10
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 (\$1,000) . . . . .	***	***	***	***	***	***
Hourly wages . . . . .	***	***	***	***	***	***
Productivity (units 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.

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

**Table C-2**  
**Steel wheels: U.S. imports (HTS statistical reporting number 8708.70.4530), by sources, 2008-10**

Source	Calendar year		
	2008	2009	2010
<b>Quantity (1,000 units)</b>			
China	529	197	365
Nonsubject sources:			
Canada	638	540	418
Germany	236	108	127
Mexico	752	969	1,880
All other <sup>1</sup>	267	111	195
Subtotal, nonsubject sources	1,894	1,728	2,620
Total, all U.S. imports	2,422	1,925	2,985
<b>Value (1,000 dollars)<sup>2</sup></b>			
China	48,915	15,499	11,093
Nonsubject sources:			
Canada	57,056	35,761	27,149
Germany	3,606	4,163	6,488
Mexico	61,678	57,294	111,710
All other <sup>1</sup>	26,775	7,752	12,886
Subtotal, nonsubject sources	149,115	104,970	158,233
Total, all U.S. imports	198,030	120,468	169,327
<b>Unit value (per unit)<sup>2</sup></b>			
China	\$92.48	\$78.50	\$30.42
Nonsubject sources:			
Canada	89.42	66.20	64.96
Germany	15.29	38.58	50.96
Mexico	81.98	59.13	59.43
All other <sup>1</sup>	100.20	70.05	66.08
Subtotal, nonsubject sources	78.75	60.76	60.40
Total, all U.S. imports	81.75	62.58	56.73
<sup>1</sup> All other nonsubject sources include Argentina, Australia, Brazil, Chile, Colombia, Czech Republic, Denmark, Finland, France, Guyana, Hong Kong, Hungary, India, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Romania, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, and Venezuela. <sup>2</sup> Landed, U.S. port of entry, duty-paid.			
Source: Compiled from official import statistics (HTS statistical reporting number 8708.70.4530).			

**Table C-3**  
**Steel wheels: U.S. imports (HTS statistical reporting numbers 8708.70.4530, 8708.70.0500, and 8708.70.2500), by sources, 2008-10**

Source	Calendar year		
	2008	2009	2010
<b>Quantity (1,000 units)</b>			
China	1,182	515	863
Nonsubject sources:			
Canada	642	541	419
Germany	236	108	128
Mexico	772	969	1,880
All other <sup>1</sup>	1,293	142	248
Subtotal, nonsubject sources	2,943	1,760	2,674
Total, all U.S. imports	4,125	2,275	3,537
<b>Value (1,000 dollars)<sup>2</sup></b>			
China	57,323	21,376	19,264
Nonsubject sources:			
Canada	58,097	36,544	30,615
Germany	3,923	4,185	6,686
Mexico	61,699	57,345	111,741
All other <sup>1</sup>	33,113	10,967	18,440
Subtotal, nonsubject sources	156,832	109,041	167,481
Total, all U.S. imports	214,155	130,417	186,745
<b>Unit value (per unit)<sup>2</sup></b>			
China	\$48.49	\$41.54	\$22.32
Nonsubject sources:			
Canada	90.52	67.55	73.05
Germany	16.59	38.78	52.32
Mexico	79.95	59.18	59.45
All other <sup>1</sup>	25.61	77.21	74.39
Average, nonsubject sources	53.29	61.96	62.63
Average, all U.S. imports	51.92	57.34	52.79
<sup>1</sup> All other nonsubject sources include Argentina, Australia, Brazil, Chile, Colombia, Croatia, Czech Republic, Denmark, Finland, France, Guyana, Hong Kong, Hungary, India, Israel, Italy, Japan, Korea, Malaysia, Netherlands, New Zealand, Romania, Serbia, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, Ukraine, United Kingdom, and Venezuela. <sup>2</sup> Landed, U.S. port of entry, duty-paid.			
Source: Compiled from official import statistics (HTS statistical reporting numbers 8708.70.4530, 8708.70.0500, and 8708.70.2500).			



**APPENDIX D**

**ADDITIONAL QUARTERLY PRICE DATA:  
NONSUBJECT AND TOTALS BY CHANNEL OF DISTRIBUTION**



## Nonsubject Price Comparisons

Presented graphically below in figures D-1 through D-5 are quarterly pricing and quantity data for steel wheels from the United States, China, Canada, Mexico, and Germany. There were no nonsubject imports of product 6. Accordingly, domestic and Chinese data for product 6 are not presented in this appendix.

When comparing domestic pricing data to pricing data from all nonsubject countries, there were 125 possible pricing comparisons; nonsubject steel wheels were priced higher in approximately 60 percent of the comparisons (74 of 125). When comparing Chinese pricing data to pricing data from all nonsubject countries, there were 165 possible pricing comparisons, with Chinese steel wheels priced lower than nonsubject-country prices in approximately 95 percent (157 of the 165) of the comparisons. \*\*\*.

### Figure D-1

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic, imported Chinese, and imported nonsubject product 1, 2008-10**

\* \* \* \* \*

### Figure D-2

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic, imported Chinese, and imported nonsubject product 2, 2008-10**

\* \* \* \* \*

### Figure D-3

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic, imported Chinese, and imported nonsubject product 3, 2008-10**

\* \* \* \* \*

### Figure D-4

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic, imported Chinese, and imported nonsubject product 4, 2008-10**

\* \* \* \* \*

### Figure D-5

**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic, imported Chinese, and imported nonsubject product 5, 2008-10**

\* \* \* \* \*

## Nonsubject Price Comparisons

Also presented in this appendix are quarterly pricing and quantity data aggregated by channel of distribution for both domestic steel wheels and those imported from China. These are presented in figure D-6.

**Figure D-6**  
**Steel wheels: Weighted-average quarterly f.o.b. prices and quantities of domestic and imported Chinese steel wheels, sold to non-OEM (products 1-3) and OEM (products 4-6) purchasers, 2008-10**

\* \* \* \* \*