



Inv. Nos. 701-TA-573-574  
and 731-TA-1349-1358 (Final)  
NONCONFIDENTIAL DOCUMENT

November 27, 2017

VIA ELECTRONIC FILING  
The Honorable Lisa R. Barton  
Secretary  
U.S. International Trade Commission  
500 B Street, SW  
Washington, DC 20436

RE: Investigation of Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and United Kingdom — Post-hearing Brief

Dear Secretary Barton:

On behalf of the member companies of the U.S. Tire Manufacturers Association (“USTMA”), I appreciate the opportunity to provide the perspective of tire manufacturers with manufacturing in the United States. USTMA represents eleven tire manufacturers with manufacturing operations in the United States: Bridgestone Americas, Inc.; Continental Tire the Americas, LLC; Cooper Tire & Rubber Company; The Goodyear Tire & Rubber Company; Hankook Tire America Corp., Kumho Tire U.S.A., Inc.; Michelin North America, Inc.; Pirelli Tire North America; Sumitomo Rubber Industries; Toyo Tire Holdings of Americas Inc.; and Yokohama Tire Corporation.

Tire manufacturing is vital to the U.S. economy. Tires manufactured by USTMA members safely transport millions of Americans and millions of tons of goods each day throughout the United States. In the United States, USTMA members employ nearly 100,000 workers, operate 56 tire-related manufacturing facilities in 18 states and generate over \$27 billion in annual sales. In 2016, USTMA members produced 165.791 million tires domestically and shipped a total of 352.368 million tires in the United States.

USTMA members have a direct interest in this investigation. Virtually all of the steel wire rod used to manufacture tire cord that is consumed in U.S. tire manufacturing plants is sourced from foreign suppliers. Experience has shown that domestic wire rod producers cannot meet the stringent performance and quality requirements of tire manufacturing. These limitations are so stark as to establish a clear dividing line to establish grade 1080 and higher tire cord and tire bead quality wire rod as a separate like product from steel wire rod for purposes of the Commission's injury analysis in these Title VII investigations. The domestic steel mills are unable to produce the consistent high quality and volume of grade 1080 and higher tire cord and tire bead quality wire rod needed by domestic tire producers. Potential outcomes of this investigation could have a significant negative impact on the U.S. tire manufacturing industry and the U.S. economy without affording any benefits to a domestic industry, which cannot produce tire quality rod.

Tires contain a number of highly engineered components, including high carbon steel. The steel wire in tires is manufactured using Grade 1080 or higher steel wire rods (often called "tire cord-quality wire rod"), which are drawn into steel wire to meet exacting specifications (or "tire cord" and "bead wire"). Tire manufacturers use this steel wire in a tire's steel belts, providing strength, high load-carrying capacity, puncture resistance and durability, and in the bead, which holds the tire to the rim. Grade 1080 and higher tire cord-quality steel wire rod contains a minimum of 0.80 percent carbon content, a low manganese content, between 5.0 mm and 6.5 mm in diameter and is generally free from defects. The high carbon content and consistent surface quality are required to ensure that the resulting wire does not break during the wire production process and to assure a tire's adherence to stringent performance requirements. All types of modern tires designed for highway use contain steel belts and steel beads, including passenger, light truck and truck/bus tires. However, truck/bus tires contain a greater percentage of steel, due to the more demanding load and durability requirements of heavier vehicles.

In 2016, the U.S. tire manufacturing industry consumed approximately 429,262 metric tonnes of tire cord and bead wire, which equates to an average of four pounds of steel in a passenger/light truck tire and an average of 20 pounds of steel in a commercial truck/bus tire. The total volume of steel consumed by the U.S. manufacturing industry represents about 0.03% of global crude steel production. The total volume of steel consumed by the tire industry represents only about one percent of U.S. crude steel production for 2016.

Since the Commission last evaluated whether tire cord made from Grade 1080 and higher tire cord and tire bead quality wire rod constitutes a separate like product in 2002, tire specifications have changed, which has continued to demand higher quality, lighter steel wire. Today, tires sold in the United States are self-certified by tire manufacturers to meet U.S. Federal Motor Vehicle Safety Standards set by the National Highway Traffic Safety Administration. Federal Motor Vehicle Safety Standard (FMVSS) No. 139 applies to passenger and light truck tires made after September 1, 2009 for use on vehicles that have a gross vehicle weight rating (GVWR) of 10,000 pounds or less and that were manufactured after 1975. Generally recognized as the most stringent tire performance standard in the world, FMVSS No. 139 was promulgated in response to the Transportation Recall Enhancement, Accountability and Documentation (or TREAD) Act enacted in October 2000. Among other requirements, FMVSS No. 139 mandates that tires sold in the United States perform to meet the specifications of the endurance low pressure test, which requires a tire to run for 34 hours at increasing loads on a test wheel, then run for two additional hours on the test wheel after being significantly deflated.

Adherence with FMVSS No. 139 necessitates tire construction to be robust, puncture resistant and resistant to the effects of load and heat, demanding high quality materials, including high carbon steel. Similarly, truck and bus tires sold in the United States must meet FMVSS No. 119, which includes tests for strength and high-speed performance. Additionally, truck/bus tires must meet customer and

vehicle requirements for substantial load-carrying capacity to meet the demand of a diverse array of vehicles. As well, passenger/light truck and truck/bus tires are designed to contribute to vehicle fuel economy by reducing vehicle weight and lowering the tire's rolling resistance. Tire cord made from Grade 1080 and higher tire cord and tire bead quality wire rod is vital to maintaining tire safety and performance.

In addition to demands for higher performance steel and other materials to meet safety requirements, customer demands for improved tire fuel efficiency (lower rolling resistance) have also necessitated lighter weight, higher quality steel wire in tires. Corporate Average Fuel Economy (CAFE) requirements have become more stringent. While CAFE standards place requirements on manufacturers of new vehicles, tire performance is a key component of vehicle fuel economy.

CAFE standards remained unchanged at 27.5 miles per gallon for twenty years (1990-2010). However, in the Energy Independence and Security Act (EISA) in 2007, Congress mandated incremental increases in CAFE with the goal of achieve a fleet-wide average fuel economy of 35 miles per gallon. Beginning in 2011, CAFE requirements have increased annually. According to the Volpe Center, in 1985 the fleet-wide average was 25.0 mpg, increasing to 30.2 mpg in 2011, 34.6 mpg in 2016 and projected to be 41.1 mpg by 2021.<sup>1</sup> As vehicle engines become more efficient and energy losses associated with the powertrain decrease, the contribution of tire efficiency to a vehicle's fuel economy becomes relatively more significant.

A tire's rolling resistance, or its energy efficiency, can be improved by innovative tire materials (lower a tire's hysteresis), tire architecture and reducing tire weight. High-quality, 1080 and higher wire tire cord and bead wire made from tire cord-quality rod (Grade 1080 and higher steel) allows a tire manufacturer to reduce the weight of steel used in a tire without compromising the tire's strength and

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<sup>1</sup> [https://www.volpe.dot.gov/sites/volpe.dot.gov/files/docs/CAFE\\_infographic\\_v3.pdf](https://www.volpe.dot.gov/sites/volpe.dot.gov/files/docs/CAFE_infographic_v3.pdf), accessed November 27, 2017.

other performances. This weight reduction lowers the tire's rolling resistance, thus improving the tire's performance related to vehicle fuel economy.

Given the unique needs of tire manufacturers to have a continuous, consistent supply of tire cord and bead wire made from tire cord-quality rod (Grade 1080 and higher steel), which is not made by U.S. steel wire rod manufacturers, USTMA respectfully requests that the International Trade Commission define Grade 1080 and higher tire cord and tire bead quality wire rod as a separate like product for purposes of this investigation.

We believe this product meets the Commission's traditional multi-factor test for case-by-case like product analysis.<sup>2</sup> (1) Grade 1080 and higher tire cord and tire bead quality wire rod has distinct physical characteristics and uses from the lower grades of wire rod, due to the lower tolerances and higher quality production techniques, and the singular end use distinct from others; (2) the manufacturing facilities and production differ in that tire cord quality wire rod is produced using Basic Oxygen Furnace process; (3) the channels of distribution vary in that tire cord quality wire rod is sold only to wire manufacturers producing to tire manufacturers' standards; (4) Grade 1080 and higher tire cord and tire bead quality wire rod is not interchangeable with lower grade wire rod that can be used in a number of overlapping applications, but not in tire production; (5) USTMA members can certainly attest that producer and customer perceptions for the Grade 1080 and higher tire cord and tire bead quality wire rod are different from customer perceptions for all other wire rod, due to the unique performance standards tire manufacturers must meet; and (6) the Commission's data on price should confirm Grade 1080 and higher tire cord and tire bead quality wire rod is significantly higher priced than other wire rod types and end uses.

Antidumping or countervailing duties on these products would have no impact on the

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<sup>2</sup> *Nippon Steel v. United States*, 19 CIT 450 (1995).

petitioner's performance and sales, while significantly disrupting the production of tires in the United States, due to quality and supply limitations in domestically producing grade 1080 and higher tire cord and tire bead quality wire rod to try to replace imported products. A disruption in tire manufacturing in the U.S. would harm the U.S. economy, since consumers and businesses depend on a reliable supply of tires to safely move goods and people throughout the country. We ask that the commission find a separate like product, and a consequent absence of causation of injury or threat to any domestic industry by reason of imports of that product.

The U.S. Tire Manufacturers Association appreciates the opportunity to provide the perspective of tire manufacturers. Please contact me at [tnorberg@ustires.org](mailto:tnorberg@ustires.org) or +1 202 682 4839 should you have any questions or need further information.

Sincerely,

A handwritten signature in black ink that reads "Tracey J. Norberg." The signature is written in a cursive, flowing style.

Tracey J. Norberg  
Senior Vice President & General Counsel