UNITED STATES – MEASURES AFFECTING IMPORTS OF CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TYRES FROM CHINA

(WT/DS399)

U.S. COMMENTS ON CHINA'S ANSWERS TO QUESTIONS FROM THE PANEL TO THE PARTIES FOLLOWING THE SECOND PANEL MEETING

August 20, 2010

I. BOTH PARTIES

A. Causation "As Applied"

Q31. Page 12 of the USITC Report states that "both the ratio of subject imports to U.S. production and the ratio of subject imports to U.S. apparent consumption rose throughout the period examined, and both ratios were at their highest levels of the period in 2008". In addition, footnote 127 of the USITC Report expressly calculates subject imports' "share of the quantity of apparent US consumption" for the whole period of investigation: 4.7 per cent in 2004, 6.8 per cent in 2005, 9.3 per cent in 2006, 14.0 per cent in 2007, and 16.7 per cent in 2008. Is "apparent consumption" equivalent to "demand"? Please explain.

1. As the United States pointed out in its own response to Question 31,[1] although there are theoretical distinctions between the economic concepts of "demand" and "apparent consumption,"[2] the ITC uses apparent consumption as the best proxy for observed demand in the market in its causation and injury analysis. The ITC uses apparent consumption as a proxy for observed demand to obtain a more specific understanding of how specific demand shifts in a market have affected actual shipments of the product under investigation during its period of investigation. By doing so, the ITC is able to specifically assess demand-related issues in its analysis, such as the argument made by Chinese respondents that demand declines in 2008 caused the considerable declines in the industry's condition in that year.

2. At the second meeting, and in its written responses to the Panel's questions, China has adopted a new theory about the relationship between demand and apparent consumption trends, claiming that the record shows there was a difference between demand and apparent consumption trends during the period of investigation.[3] The United States would first note that China's newly developed position on this issue is inconsistent with its own arguments on demand, because China has used apparent consumption as a proxy for demand when making those arguments.[4] Moreover, while it might be the case that the record of a particular investigation could present a unique factual circumstance suggesting that apparent consumption

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[1] U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 1-2.

[2] Under basic economic theory, "demand" is defined as the amount of a product purchasers are willing to buy at a given price level. "Apparent consumption," on the other hand, represents the observed "quantity demanded" of a product and the "quantity supplied" of that product at the prevailing price level. Thus, as can be seen, there is a relationship, but not a precise identity, in meaning between the two terms. As we have pointed out, however, the ITC uses apparent consumption in the U.S. market as the best proxy available to assess observed demand at existing price levels in a market. This allows the ITC to assess, in a relatively precise manner, how "demand" has been reflected in actual purchasing, sales, and shipment trends in the market over the historical period of investigation.

[3] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 1-6.

[4] *See, e,g.* China First Written Submission, paras. 286, 291, 332, 341; China Second Written Submission, paras. 260, 322-327, 331.

was not a good proxy for assessing demand shifts,[5] no party presented evidence or argued during the ITC's investigation that apparent consumption was not a good proxy for observed demand in the market. Given this, China's newly developed theory on this issue should be rejected by the Panel.

3. In its response, China also mistakenly cites the WTO panel's report in *EC-DRAMS* as support for its theory that "an investigating authority's analysis of consumption does not constitute an adequate explanation of demand effects."[6] The panel's report in *EC-DRAMS* does not stand for such a proposition. In *EC-DRAMs*, the panel noted that, under the specific non-attribution language of Article 15.5 of the SCM Agreement, an investigating authority is expected "to separate and distinguish the injury caused by factors other than subsidized imports."[7] Due to the specific "non-attribution" language contained in Article 15.5, the panel considered whether the EC adequately "separated and distinguished" the injurious effects of an acknowledged economic downturn in the last year of the period from the effects of the subject imports, thus ensuring that the "injuries caused by the economic downturn were not lumped together and made indistinguishable" from those of the subject imports.[8]

4. The panel concluded that after acknowledging the economic downturn may have had some effect on prices, the EC failed to adequately separate and distinguish the downturn's effect on prices from those of the subject imports.[9] The panel stated that:

> {A}fter acknowledging that the economic downturn may well have contributed to the injury suffered by the domestic industry, the EC turns to the examination of the development of consumption in the EC. While the developments in domestic consumption may be a relevant factor to take into consideration, we fail to see to what extent the EC's analysis of domestic consumption is sufficient for separating and

[5] For example, in the context of a particular investigation, a party could present evidence that there was a severe shortage of supply that could not keep pace with consumer demand, which might indicate that apparent consumption was not a good proxy for demand. This was not the case in this investigation.

[6] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 2.

[7] *EC-DRAMS* (Panel) para.7.404. Article 15.5 of the SCM Agreement states, "The authorities shall also examine any know factors other than the subsidized imports which at the same time are injuring the domestic industry, and the injuries caused by these other factors must not be attributed to the subsidized imports." The panel in *EC-DRAMS* noted that, under the similar non-attribution requirement in Article 3.5 of the AD Agreement, the Appellate Body has required an investigating authority to separate and distinguish the injury caused by other known factors. *EC-DRAMS* (Panel) para.7.404.

[8] *EC-DRAMS* (Panel) para.7.414.

[9] *EC-DRAMS* (Panel) para.7.412.

> distinguishing the injurious effects of the economic downturn, which the EC acknowledged existed, and the injurious effects of the subsidized imports. . . .[10]

The panel stated that the "EC acknowledged that the downturn in the market had a negative effect on prices but failed to examine the extent of this negative effect."[11] As a result, the panel noted, the EC's analysis did not constitute "a satisfactory explanation of the nature and extent of the injurious effects of the economic downturn, as distinguished from the injurious effects of the subsidized imports."[12] For this reason, the panel found that the EC acted "inconsistently with its obligations under Article 15.5 of the SCM Agreement not to attribute to subsidized imports injury caused by other factors."[13]

5. Given these statements, it is clear that the panel's analysis in *EC-DRAMS* does not stand for the general proposition that an authority is precluded from relying on apparent consumption as a proxy for demand in its analysis. Instead, it stands for the proposition that, if an authority acknowledges that an economic downturn had an effect on prices during a particular period when performing its injury analysis under Article 15.5 of the SCM Agreement, the authority needs to adequately separate and distinguish the effects of that downturn on prices from those of the subject imports.[14]

Q32. In the context of an allegation of *ex post* rationalization, China argues that the USITC failed to compare increasing subject imports with declining OEM demand (China's SWS, para. 329). If "apparent consumption" is equivalent to "demand" (see preceding question), would the relationship between subject imports and declining demand in the OEM sector have been covered by the USITC's more general finding regarding the relationship between increasing subject imports and declining demand? If so, was the USITC required to focus on the OEM sector specifically?

6. In its response to this question, China has misstated the record evidence and mis-characterized the ITC's findings. For example, China continues to mistakenly assert that, when analyzing demand trends during the period of investigation the ITC failed to address "the broader

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[10] *EC – DRAMS* (Panel), para. 7.414.

[11] *EC – DRAMS* (Panel), para. 7.414.

[12] *EC – DRAMS* (Panel), paras. 7.412 and 7.414.

[13] *EC – DRAMS* (Panel), para. 7.414.

[14] *EC – DRAMS* (Panel), para. 7.414.

decline in demand in the U.S. market."[15] As the United States has previously pointed out,[16] however, the record did not show that there was a "broad decline" in the U.S. tires market over the period of investigation. Instead, as the ITC found, the record showed that demand, as measured by apparent consumption, "fluctuated" over the period, with there being a slight decline in consumption in 2005, a larger decline in 2006, and an <u>increase</u> in consumption in 2007.[17] The most significant decline in consumption occurred in 2008, when apparent consumption fell by 6.9 percent.[18] As the United States has pointed out, however, the ITC addressed the decline in demand in 2008 in its analysis, as well as its relationship to the trends in imports and domestic production in that year.[19] In other words, to the extent that China argues that the ITC failed to address a "broad" decline in demand during the years prior to 2008, China's assertion is based on a misreading of the actual demand trends in the years prior to 2008, which showed that demand actually fluctuated during the years prior to 2008.

7. China also mistakenly asserts that the ITC failed to make any finding at all about the relationship between declining demand, the Chinese imports and the U.S. industry's production of the subject tires.[20] In its report, the ITC did address the relationship between significant demand declines that occurred during the period, the Chinese imports and domestic industry production. Specifically, as noted previously, the ITC found that demand fluctuated somewhat over the first four years of the period.[21] It also noted that there was a significant decline in demand in the market in 2008, when demand, as measured by apparent consumption, fell by 6.9 percent due to a decline in consumer demand for tires that resulted from the recession in that year.[22] The ITC also explained that this same demand decline was seen in the OEM market in 2008, as a result of the decline in demand for passenger cars in that year.[23]

8. After noting these trends, the ITC then pointed out that the volume of subject imports increased significantly in 2008, despite the decline in demand, and at the same time that the

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[15] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 7.

[16] U.S. Second Written Submission, para. 81; U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 38-49.

[17] ITC Report at pp. 15 and 32, and Table C-1. Exhibit US-1.

[18] ITC Report, Table C-1.

[19] ITC Report, p. 26. Exhibit US-1.

[20] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 8.

[21] ITC Report, p. 15; see also ITC Report, pp. 22 and 32. Exhibit US-1.

[22] ITC Report, p. 15; see also ITC Report, pp. 22 and 32. Exhibit US-1.

[23] ITC Report, p. 15; see also ITC Report, pp. 22 and 32. Exhibit US-1.

volumes of non-subject imports and the U.S. industry's production levels both declined considerably.[24] In particular, the ITC stated that:

> . . . {Chinese} imports continued to increase rapidly even in 2008 when U.S. apparent consumption was falling. Subject imports increased by 4.5 million tires in 2008, while U.S. consumption declined by 20.4 million tires. Imports from third countries declined by 6.0 million tires in 2008, or by 6.1 percent, roughly consistent with the 6.9 percent decline in U.S. apparent consumption in 2008. Meanwhile, domestic production of subject tires declined by 20.0 million tires in 2008, or by 11.1 percent, and absorbed virtually all the decline in U.S. apparent consumption that year.[25]

In other words, the ITC did analyze the relationship between the significant demand decline that occurred in 2008, and its relationship to imports and industry production and shipment levels as well as other indicia of injury during that year. The ITC reasonably concluded that the demand declines in that particular year were not the exclusive or primary cause of the industry's problems in that year.[26]

9. Furthermore, China argues that the ITC failed to focus on demand trends in the OEM sector.[27] Again, China is mistaken. As the United States pointed out in its response to this question,[28] the ITC expressly relied on apparent consumption data that included data for consumption in the OEM and replacement parts of the U.S. tires market.[29] Moreover, in its analysis, the ITC expressly addressed changes within the OEM market and replacement market,[30] and concluded that demand in the OEM market, like that in the overall market, had fallen in 2008 due to a decline in domestic production of passenger cars and light trucks.[31] Moreover, the ITC analyzed imports and U.S. shipments trends in both the replacement and OEM markets, noting ultimately that the U.S. industry's share of the OEM market declined each year of the period, while the market share of Chinese imports in the OEM market increased generally over the

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[24] ITC Report, p. 26. Exhibit US-1.

[25] ITC Report, p. 26. Exhibit US-1.

[26] ITC Report, pp. 26 and 29. Exhibit US-1.

[27] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 10-15.

[28] U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 3-5.

[29] *See, e.g.*, ITC Report, pp. V-3-V-4 and Table V-2 and V-3. Exhibit US-1.

[30] ITC Report pp. 15, 22, and 32. Exhibit US-1.

[31] ITC Report, p. 22. Exhibit US-1.

period.[32] In other words, the ITC did consider changes in demand in the OEM market in its analysis, as well as imports and U.S. industry shipment levels over the period. [33]

10. Thus, as the ITC also found, the data showed that:

- Like demand in the overall market, demand in the OEM fell significantly in 2008.[34]
- Just as in the overall market, Chinese imports increased their market share in the OEM market over the period of investigation, including in 2008, at the same time that the U.S. industry's market share was falling.[35]
- The OEM market represented approximately 17 percent of the overall U.S. market for tires in 2008.[36]

In other words, the ITC did address demand and shipments trends in the OEM market over the period and provided an analysis of these trends. Moreover, given that the trends in the OEM market were similar to those seen in the overall market, the ITC's analysis of these issues addressed the issue to the extent sufficient to satisfy the requirements of the Protocol.

Q33. At para. 322 of its SWS, China argues that the ITC majority failed to address "the shift in demand in favour of larger tires".

(a) Would a shift towards larger tyres during the period of investigation have affected sales in both the OEM and replacement markets during the period?

11. As the United States stated in its response to Question 33,[37] the ITC did not need to address the "shift in demand in favor of larger tires" because the record did not indicate there was a "shift in demand in favor of larger tires" during the period. During the ITC's investigation, not one responding U.S. producer or importers reported that a "shift in demand in favor of larger

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[32] ITC Report, p. 21. Exhibit US-1. The record showed that the market share of the Chinese imports was at its highest in the last year of the period. ITC Report, Table V-3 (p.V-4). Exhibit US-1. The share of Chinese imports grew from 0.1 percent in 2004 to 1.1 percent in 2005, 3.3. percent in 2006, 3.6 percent in 2007 and 4.8 percent in 2008. Id. (based on a comparison of total volumes of Chinese OEM imports with total of U.S., Chinese and other import shipments for each year).

[33] ITC Report pp. 15, 22, and 32. Exhibit US-1.

[34] ITC Report, Table V-3 (p. V-4). Exhibit US-1.

[35] ITC Report, Table V-3 (p. V-4). Exhibit US-1.

[36] *Compare* ITC Report, Table V-3 (p. V-4) *with* ITC Report, p. V-1 (Table V-1). Exhibit US-1.

[37] U.S. Responsse to Panel Questions Following the Second Panel Meeting, paras. 6-7.

tires" affected demand trends during the period of investigation.[38] Instead, these firms identified such factors as the "downturn in the economy," "lower vehicle production," "fewer miles being driven," "overstretched tire life," "more radial tire use," "economic growth," "increased use in performance wheels," and "continued popularity of SUV's, light trucks, and crossover vehicles" as factors that affected demand over the period.[39] Because neither producers nor importers reported that there had been a shift in favor of larger tires over the period, the ITC did not need to address any alleged "shift in demand in favor of larger tires."

12. Indeed, China's own response to question 33 confirms this conclusion.[40] Although China asserts there was a shift in demand toward larger tires during the period of investigation, China actually cites no direct statistical evidence to support its claim.[41] Instead, China claims that the alleged growth in demand for larger tires during the period of investigation was driven by the continued popularity of SUVs, light trucks, and crossover vehicles during the period.[42] However, as China acknowledges, production of light truck and SUV by the U.S. automotive industry "dropped significantly" during the period, with fewer light trucks and SUVs being produced by the end of the period.[43] As the ITC Report indicates, production of light trucks in the United States began declining in 2005,[44] which was <u>before</u> the industry allegedly began closing its low-end facilities in 2006 to shift to larger tires, according to China.[45] Given this decline in production, the record indicates that it was unlikely that the U.S. industry was shutting down production capacity in 2006, 2007, 2008 and 2009 as part of a decision to shift their production efforts to the production of allegedly more popular larger tire sizes in the market during this period.[46] Instead, the record showed that the producers who reported that there was shift in demand away from the tires produced at these facilities reported that such a shift was due

[38] ITC Report, p. V-9-V-11. Exhibit US-1.

[39] ITC Report, p. V-9. Exhibit US-1.

[40] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 17-18.

[41] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 17-18.

[42] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 17-18.

[43] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 18-19.

[44] ITC Report, Figure V-4 (p. V-11). Exhibit US-1.

[45] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 18.

[46] We would note that the decline in light trucks and SUV's was considerably larger than that for passenger vehicles during the period. ITC Report, Figure V-4 (p.V-11). Exhibit US-1.

to the impact of "considerable pressure from low-cost imports," not a significant change in overall demand in the market.[47]

13. As for the replacement market, China forthrightly concedes that it has no actual record data to support its claim that there was a significant shift in demand toward larger tires in the replacement market during the period of investigation.[48] As a result, even though China has claimed there must have been a trend toward larger tires in the market due to the growth in the number of light trucks and SUV's on the road, China has, in its own submission, acknowledged that it has no actual factual basis for the claim.[49] Moreover, the United States would note, China's theory about impact of such a demand shift in the replacement market conflicts with its own analysis of trends in the replacement market during the period of investigation. If there had been a shift in favor of larger tires in the replacement market and the industry had shifted production to take advantage of such a shift, as China contends, the U.S. industry should have benefitted from such a shift in the replacement market over the period of investigation, by growing its shipments to that market sector. Obviously, the record showed that such a shift did not occur. Instead, it shows that, in the replacement market, the U.S. industry's shipments into the replacement market declined considerably over the period of investigation, as did its market share in the replacement market.[50] In sum, China's theory that there was a shift in demand towards larger tires over the period of investigation is not supported by actual record evidence.

(b) At page V-9 of the ITC Report, reference is made to "a shift to P-metric passenger car tires". Are P-metric tyres a type of "larger tire[]" referred to at para. 322 of China's SWS?

14. The United States agrees with China that the answer to this question is no.[51]

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[47] *See* U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 68-69.

[48] China's Answers to Panel Questions to the Parties from the Second Substantive M, para. 20.

[49] China's Answers to Panel Questions to the Parties from the Second Substantive M, para. 20.

[50] ITC Report, Table V-3 (p. V-4) (showing U.S. shipments declining by 25 percent, from 149.4 million tires in 2004 to 112.6 million tires in 2008). The industry's market share fell from 61 percent in 2004 to 49 percent in the replacement market in that year as well. Id. (based on a comparison of the industry's total volumes with total of U.S., Chinese and other import shipments in each year).

[51] U.S. Response to Panel's Questions Following the Second Panel Meeting, para. 8.

(c) At page V-9 of the ITC Report, reference is also made to "more radial tire use". Is this factor relevant to both the OEM and replacement markets?

15. As the United States stated in its response to this question,[52] changes in radial tire use did not have a significant affect on demand trends in the replacement or OEM market, despite China's claims to the contrary. According to the RMA's Factbooks for 2007 through 2009, virtually all of U.S. production and import shipments in the OEM and replacement market consisted of radial tires.[53] In fact, over 99.9 percent of U.S. production of passenger tires and light truck tires consisted of radial tires during the entire period of investigation.[54] Thus, any shift in demand toward radial tires would not have had a significant impact on demand for, or competition between, U.S. and Chinese tires in the market during the period.

Q34. China suggested at the Panel's second substantive meeting with the parties that "demand" is reflected in Figure V-4 of the USITC Report. Figure V-4 concerns the production of passenger vehicles and light trucks during the period of investigation, and thus presumably relates to demand in the OEM market. Would declines in the production of passenger vehicles and light trucks during the period have affected demand in the replacement market? Please explain.

16. As reflected in the U.S. response to this question, the United States agrees with China that a decline in the amount of passenger vehicles or light trucks produced and sold in any year of the period could have an indirect impact on the need for consumers to purchase replacement tires for those vehicles in subsequent years of the period.[55] However, the United States would note on the road over the period of investigation, which could offset these declines in demand to some degree.[56] Given these trends, the United States believes, as did the ITC, that the most effective method of assessing demand changes in the overall market was to focus on apparent consumption as a proxy for observed demand in the market. By doing so, this enabled the ITC to fully account for variations between the factors affecting demand in the overall market, such as a decline in light truck and SUV production and an increase in the number of passenger cars and light trucks on the road.

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[52] U.S. Responses to Panel Questions Following the Second Panel Meeting, para. 9.

[53] RMA Factbooks for 2007, 2008, and 2009; Petitioner's Posthearing Brief Exhibit 5 at 3, 15, 27. Exhibit US-36.

[54] RMA Factbooks for 2007, 2008, and 2009; Petitioner's Posthearing Brief Exhibit 5 at 3, 15, 27. Exhibit US-36. Moreover, import shipments of radial tires represented a consistent 94.6 to 96.3 percent of import shipments of passenger and light truck tires during the period 2006 to 2008 as well. Id., at 3. Exhibit US-36.

[55] U.S. Responses to Panel Questions Following the Second Panel Meeting, para. 10; China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 31-32.

[56] ITC Report, Figure V-2 (p. V-10).

Q35. The Panel notes that, on page 2 of its Request for Establishment (WT/DS399/2), China makes two claims based on both sub-paragraphs 1 and 4 of Paragraph 16 of the Protocol. Are China's Paragraph 16.1 claims dependent on its Paragraph 16.4 claims, or can the Panel uphold China's Paragraph 16.1 claims independently of any violation of Paragraph 16.4. Please explain.

17. As the United States has explained[57], paragraph 16.1 sets forth the general conditions under which a Member is authorized to seek consultations with China, that is, where there is "market disruption," or threat thereof. It is paragraph 16.4 that sets the standards that a Member has to meet in order to make an affirmative market disruption determination. Paragraph 16.1 provides context for the interpretation of paragraph 16.4, but it does not set out an obligation with respect to the market disruption determination.

18. In its response to the Panel's question, China asserts that there is "no basis" for what it calls the U.S. "facially untenable argument."[58] However, the basis for that argument is the text of paragraph 16.1 itself. China asserts that the language of paragraph 16.1 "draws heavily on, and is virtually identical to" the language in Article 2.1 of the Safeguards Agreement. However, paragraph 16.1 and Article 2.1 of the Safeguards Agreement use different language, are structured very differently, and do not address the same situation. Article 2.1 clearly sets out the general conditions for applying a global safeguard measure ("A Member may apply a safeguard measure to a product only if that Member has determined . . . "). Paragraph 16.1 sets out the conditions for triggering a Member's request for consultations.

19. With respect to this issue, we also refer the Panel to the U.S. Answers to Panel Questions Following the First Panel Meeting, paragraphs 3 through 7 and our Opening Statement at the Second Panel Meeting, paragraphs 19 and 32.

B. Increasing Rapidly

Q36. Does China have any comment on the implicit claim by the United States, in paragraph 27 of the US oral statement, that there is not "a single dispute where an increase in imports as large and rapid as the increase in this case was found to be insufficient to satisfy the increased imports standard of the Safeguards Agreement."

20. In its response to this question, China has again reiterated its arguments that (i) the ITC engaged in an impermissible end-point-to-end point analysis of import trends over the period; and (ii) that Paragraph 16 of the Protocol contains a more stringent increased imports requirement than that of the Safeguards Agreement.[59] As the United States has explained

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[57] *See* U.S. Answers to Panel Questions Following First Panel Meeting, paras. 51-53.

[58] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 37.

[59] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 38-41.

previously,[60] China is mistaken on both points. First, with respect to China's "end-points" argument, the ITC did not merely recite that there was a growth in imports between the first and last years of the period.[61] Instead, the ITC specifically considered the growth in the absolute and relative quantities for the subject imports during each year of the period of investigation.[62] Moreover, the Appellate Body has not indicated, as China asserts, that an authority may not include an end-point to end-point analysis as part of its consideration of imports trends during the period of investigation.[63] Second, with respect to China's claim that the increased imports standard of Paragraph 16 is more rigorous than the increased imports standard of the Safeguards Agreement, the United States has established that, the increased imports standard of the Protocol of Accession is, if anything, *less* stringent than that of the Safeguards Agreement.[64]

21. In its response to the question, China also cites one dispute under the Safeguards Agreement in which a Panel supposedly found increases in imports that were comparable to those in this dispute not to satisfy the increased imports standard of the Safeguards Agreement. That dispute involved hot-rolled bar in *US – Steel Safeguards*.[65] China's discussion of the hot-rolled bar case is, however, misleading. In its analysis, China selectively cites import data for only one year of the Commission's period of investigation, and then fails to describe accurately the reasoning of the panel on the issue. It is clear that the hot-rolled bar panel's decision was based primarily on a sharp decline in both absolute and relative imports in the most recent period of the investigation.[66] Obviously, there was no such decline in imports at the end of the Commission's period of investigation in the *Tires* investigation, given that the volume of Chinese imports increased by 10.8 percent in 2008, the final year of the period.[67]

22. In its analysis, the panel also relied on the trends in the absolute imports of hot-rolled steel, which differed significantly from the trend in the *Tires* investigation. The panel explained:

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[60] U.S. First Written Submission, paras. 114-118 ("end-points" analysis); U.S. First Written Submission, paras. 82-99, and U.S. Second Written Submission, paras. 29-30 (comparison of Protocol and Safeguards increased imports requirements).

[61] ITC Report at 11-12 and 22. Exhibit US-1

[62] ITC Report, p. 11-12, nn. 49-52 and 22, nn. 124-127. Exhibit US-1.

[63] *U.S. - Lamb Meat (AB)*, pars. 137-138 (indicating that, under the Safeguards Agreement, a competent authority should consider import data for recent past in context of entire period of investigation).

[64] *E.g.*, U.S. First Written Submission, paras. 92-99.

[65] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 42.

[66] *US – Steel Safeguards* (Panel), paras. 10.205-10.206 and 10.208-10.209.

[67] ITC report, Table C-1. Exhibit US-1.

> In the Panel's view, the trend of absolute imports between 1997 and interim 2001 is best described as an alternation of increases and decreases from year to year. Given this up-and-down movement ending with a decrease of 28.9 % (in interim 2001), the Panel does not believe that the facts support a conclusion of increased imports, nor has the USITC provided an explanation to that effect.[68]

By comparison, imports of tires showed no such "alternation of increases and decreases from year to year."[69] Instead, the imports from China increased significantly in <u>every</u> year of the period of investigation, growing from 14.6 million tires in 2004 to 20.8 million in 2005, 27.0 million in 2006, 41.5 million in 2007, and finally to a high of 46.0 million in 2008.[70] In other words, China's reliance on the panel's analysis of hot-rolled bar imports is misplaced.

Q37. We note that China provides examples at Exhibit China-27 and Exhibit China-28 to argue that the USITC has, and we quote from paragraph 139 of China's FWS, a "well-established and consistent practice of collecting interim data...." Can China please clarify for us whether it means that the USITC has a well established practice of collecting both absolute and relative interim data? Can China please confirm that absolute and relative data was collected for the examples in Exhibit China-27 and Exhibit China-28.

23. In response to the Panel's question, China again repeats its persistent and mistaken claim that the ITC has a "well-established and consistent practice" of always gathering data for any interim periods that have been completed prior to the filing of a petition.[71]

24. As the United States has explained,[72] the ITC does *not* have a practice of collecting data for any fiscal quarter that is completed before the beginning of its investigation. Rather, the ITC decides, on a case-by-case basis, whether to attempt to collect data for the interim period based on a number of factors, including the time elapsed between the end of the most recent quarter and the issuance of its questionnaires, the likelihood of obtaining full information from the parties for the interim period, and the number of parties from whom data must be sought.[73] Moreover, the

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[68] *US – Steel Safeguards* (Panel), para. 10.206.

[69] *Compare US – Steel Safeguards* (Panel), para. 10.202 (first chart) with U.S. First Written Submission, para. 108, Chart 1. We note also that the Appellate Body expressed "misgivings" about the panel's assessment of relative imports of hot-rolled bar. The Appellate Body noted that the ratio of imports to domestic production rose by 9.1 percentage points from 1997 to 2000, and that even after a decline of 2.4 percentage points in interim 2001, the ratio was "still 6.2 percentage points above that for 1997." *US – Steel Safeguards* (AB), para. 395.

[70] ITC Report, p. 11 n. 49. Exhibit US-1.

[71] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 44-47.

[72] U.S. First Written Submission, paras. 130-143.

[73] U.S. First Written Submission, paras. 130-143.

ITC selected its period of investigation in the *Tires* case in a manner that was fully consistent with this practice. In the investigation, the ITC did not seek data for the first quarter of 2009 because only 20 days had elapsed since the end of that quarter when the petition was filed, and because it would have been necessary to send questionnaires to a relatively large number of recipients.[74]

25. Nonetheless, China asserts that the ITC has "collected interim data in *every single* other Section 421 safeguard investigation in which an interim period was completed prior to the filing of the petition."[75] China fails to mention that, in these five cases, the period of time that elapsed between the end of the most recent quarter and the filing of the petition ranged from 33 to 67 days.[76] In other words, in *every one* of the five Section 421 investigations cited by China, the period between the end of the quarter and the beginning of the investigation was considerably longer than the 20 days that elapsed between these events in the *Tires* investigation.

26. The United States would also note that, in *Uncovered Innerspring Units from China*, the ITC did collect data for the entire previous year, even though the petition was filed just six days after the end of that year. In pointing to this decision, China fails to recognize, however, that the alternative – that is, collecting five years of data plus two sets of data for nine-month interim periods – would have imposed a more significant burden on all of the market participants in that investigation than if the ITC had not collected data for the entire previous year.[77] China's claims about the inconsistency of the ITC's period of investigation in this investigation with other investigations remains meritless.

Q38. In paragraph 131 of China's first written submission it says that "...the trends in market share – particularly imports from China as a percentage of total consumption – suggest a stable trend..." China again refers to market share in this way in paragraphs 114 and 117 of its SWS. Does this mean that China considers the term "market share" means imports from China as a percentage of total consumption? Please explain.

27. After answering the Panel's fairly straightforward question in the affirmative, China then proceeds to answer a question that was not asked by the Panel, that is, whether the ITC could reasonably consider in its analysis changes in the ratio of Chinese imports to domestic production over the period of investigation. China contends that analysis considering the ratio of imports to domestic production is not a "useful metric" under the Protocol because such an analysis does not capture the role of non-subject imports in the market and because the domestic industry was

[74] Questionnaires were ultimately received from 10 U.S. producers, 35 importers, and 36 foreign producers.

[75] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 44 (emphasis in original).

[76] Exhibit US-11.

[77] *See* U.S. First Written Submission, para. 136.

shifting some production offshore.[78] China also asserts that the ITC placed more focus on the data showing the volume of Chinese imports relative to domestic production than on the data on Chinese market share.[79]

28. China's arguments on this issue are unfounded. First, there is no basis for arguing that the ITC gave more weight to the percentage of imports to domestic production in its analysis. Although China cites to pages 12 and 26 of the ITC's determination to provide support for this claim,[80] the ITC's discussion of import trends on both pages makes clear that it gave considerable weight to the data on market share of the Chinese imports.[81] Indeed, on pages 22 and 25 to 26 of its report, the ITC discusses the data relating to the market share of the Chinese imports but not that relating to the ratio to domestic production, which suggests that, to the extent that the ITC "focused" more closely on one "metric" of relative imports, it focused on the market share of Chinese imports, not on the ratio of Chinese imports to domestic production.

29. Finally, China's argument that an analysis of the ratio of Chinese import volumes to domestic production is irrelevant to the injury inquiry under the Protocol is also meritless. By considering the changes in this ratio over the period, the ITC was able to examine, as one part of its import analysis, how closely linked changes in import volumes were to changes in the industry's production of tires over the period. Quite clearly, such an analysis is, in fact, a "useful metric" of the "relative" import analysis required under the Protocol because it enabled the ITC to examine, in one way, how increases in import volumes related to, and affected, changes I the industry's production levels.[82] Indeed, the ITC concluded that the shifting of some of the domestic industry's production offshore was "a reaction to increases in subject imports from China that were already occurring."[83] Under these circumstances, it is disingenuous to suggest that the ITC's consideration of the change in the ratio of Chinese import volumes to domestic production was not a "useful" consideration when the ITC was assessing the manner in which Chinese imports affected the industry.

II. China

[78] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 51.

[79] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 54.

[80] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 54.

[81] ITC Report, pp. 12 and 26. Exhibit US-1.

[82] We would point out that the Protocol does not define how a competent authority must assess whether imports have increased rapidly on a "relative" basis during the period of investigation. Protocol of Accession, para. 16.4. Thus, the language of the Protocol does not specifically require either a market share analysis or a ratio of imports to domestic production analysis to perform the relative increase analysis provided in paragraph 16.4.

[83] ITC Report, p. 27. Exhibit US-1.

Q39. China argues before the Panel that there is "a strong distinction between tier 1 tires and tier 2 / tier 3 tires."[84] Before the USITC, though, one Chinese producer stated that "it is often useful to group Tier 1 and Tier 2 tires together in the category of 'higher-end' tires, since both of these segments are ones in which brand equity is an important element. Tier 3 tires, by comparison, are 'economy' or 'low-end' tires. Brand equity plays essentially no role in the marketing of these tires."[85] How does this affect China's argument that tier 2 and tier 3 tyres could somehow be taken together for the purpose of distinguishing from tier 1 tyres?

30. The Chinese producer's statement is yet another indication that China has no basis for its argument that there is a distinct competitive barrier between Tier 1 tires and Tier 2 or Tier 3 tires in the U.S. market.[86] As the statement suggests, the Chinese producer quoted by the Panel believed there was competition between Tier 1 and Tier 2 tires in the market, despite China's claims to the contrary in this proceeding. Because there were significant volumes of Chinese and U.S. tires sold in both the Tier 1 and Tier 2 categories of the market,[87] the Chinese producer's own statement indicates that there was significant competition between U.S. and Chinese tires in the Tier 1 and Tier 2 categories of the market. Moreover, since China appears to concede there was also competition between Tier 2 and Tier 3 categories in the market,[88] and since there was considerable direct competition between Chinese and U.S. tires in both categories of the market,[89] the record establishes that there was significant competition between Chinese and U.S. tires in the overall replacement market, which is exactly what the ITC found in its determination.

31. The United States notes that the Chinese producer's statement also supports the ITC's finding that market participants did not have a consistent perception of how competition occurred within these three categories of the replacement market. As the United States has pointed out, although the U.S. replacement market can generally be segmented into three categories, there was not a universally accepted definition of the types or brands of tires that should be included in each tier.[90] Consequently, it should come as no surprise that market participants did not agree on what tires should be included in the different tiers and the volumes of shipments that should be

[84] China Second Written Submission, para. 201.

[85] Exhibit China-40, p. 6.

[86] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 55-56.

[87] *See* U.S. Responses to Panel Questions after Second Panel Meeting, paras. 24-26.

[88] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 56 ("there was less agreement {among participants} on the dividing line between tiers 2 and 3").

[89] *See* U.S. Responses to Panel Questions after Second Panel Meeting, paras. 24-26.

[90] ITC Report, p. 21 and 27. Exhibit US-1.

placed in each category.[91] Moreover, it should also not be a surprise that market participants like the Chinese producer in question would not report that there was a clear dividing line between Tier 1 and Tier 2 tires in the market. In the end, the Chinese producer's statement simply provides additional support for the ITC's finding that there was competition between Chinese imports and U.S. produced tires in all three tiers of the replacement market.[92]

Q40. At para. 265 of its SWS, China refers to "the strong resurgence of [the domestic industry's] operating profits." (I) What is the source for China's data on "operating profits"? (ii) Is there a distinction between the terms "profit", "operating profit", "operating income" and "operating margins"?

32. In its answer to this question, China states that it has generally not drawn a distinction in its submissions between the terms "profit," "operating profit," "operating income," and "operating margins."[93] The United States would simply note that, in its report, the ITC generally reports and analyzes "profitability" data on three bases: gross profits, operating income, and the ratio of operating income to net sales ("operating margins"). The terms are defined as follows:

- "Gross profits" (or "losses") reflect the industry's commercial sales revenues minus its aggregate raw materials costs, direct labor costs and other factory costs. "Gross profits" are reported in dollars in the ITC report.[94]

- The industry's "operating income" (or "loss") reflects the industry's aggregate "gross profits" minus selling total expenses and general and administrative expenses.[95]

- The industry's "operating margins," that is, the ratio of operating income or loss to commercial sales revenues, represent the percentage of the industry's "operating income or loss" to its total commercial sales values.[96]

Q41. If the US industry had voluntarily ceded the low end of the replacement market, why was there underselling by subject imports?

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[91] ITC Report, p. 21 and 27. Exhibit US-1.

[92] *See* U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 24-26.

[93] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 57.

[94] *See* ITC Report at III-5 and Table C-1.

[95] *See* ITC Report at III-5 and Table C-1.

[96] *See* ITC Report at III-5 and Table C-1.

33. In its response to this question, China makes two basic arguments. First, China argues that the record evidence showing consistent and sustained underselling by the Chinese imports in the replacement market was misleading because there was no significant competition between Chinese imports and U.S. tires in the replacement market.[97] Second, China argues that the U.S. industry did, in fact, voluntarily cede the low-end portion of the market, that is, the Tier 3 category of the replacement market.[98] Both of these claims are mistaken.

34. First, as the United States indicated in its own response to the Panel's questions,[99] the record showed that there was significant direct competition between U.S. tires and Chinese tires in the various tiers of the replacement market. Specifically, in 2008, at least 18.6 percent of all U.S. tires were sold as Tier 3 tires, [100] even though several U.S. producers reported they shut down significant amounts of this low-end capacity prior to 2008.[101] In addition, at least 16.0 percent of U.S. tires were sold in the Tier 2 category.[102] As a result, in 2008, at least 34.6 percent of all U.S. tires were sold in the two categories in which the majority (69.7 percent) of Chinese tires were sold during the period of investigation. In fact, it is worth noting that a larger absolute volume of U.S. tires was sold in these two Tiers in 2008 than Chinese tires.[103]

35. Moreover, the record showed that Chinese tires were sold in the Tier 1 category of the market, and that Chinese tires were being sold in increasingly significant volumes in the OEM market by 2008, with the Chinese tires occupying 4.8 percent of that market in 2008.[104] In sum, the record showed that there was a considerable degree of direct competition between the Chinese and U.S. tires within the various categories of the market, including the Tier 3 category in which the U.S. industry was allegedly not competing at all at the end of the period. Given this data, the data showing consistent underselling by the Chinese imports does support the ITC's

[97] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 59-62.

[98] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, paras. 58 and 62-63.

[99] U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 24-26.

[100] U.S. Responses to Panel Questions Following the Second Panel Meeting, paras. 24-26.

[101] ITC Report, pp. 26-27 and I-15-I-18. Exhibit US-1.

[102] U.S. Responses to Panel Questions after Second Panel Meeting, paras. 24-26.

[103] Approximately 21.9 million U.S. tires were sold in Tier 2 of the replacement market, and 25.4 million tires were sold in Tier 3. United States Responses to Panel Questions after Second Panel Meeting, paras. 24. In comparison, 10.8 million Chinese tires were sold in Tier 2 in 2008 and 16.8 million Chinese tires were sold in Tier 3. Id.

[104] The record showed that at least 2.1 percent of Chinese tires were sold in the Tier 1 category, United States Responses to Panel Questions after Second Panel Meeting, paras. 24, and that 5 percent of Chinese tires were sold in the OEM market in 2008. ITC Report, Table V-2 (p. V-3).

finding that the Chinese imports had a direct effect on tires produced by the U.S. industry in the various segments of the tires market.

36. Indeed, China itself has acknowledged that there was price-based competition between the U.S. and Chinese tires in the low-end of the replacement market during the period. In its response to question 39 of the Panel's questions, China has specifically conceded that "tier 3 tires are low-end tires that generally compete based on price ..."[105] With this statement, China has itself confirmed that the Chinese imports were competing primarily on price with their competitors in Tier 3 of the replacement market. Since the U.S. industry sold at least 18.6 percent of its shipments into this market in 2008, China's statement makes clear that a significant volume of the U.S. industry's sales were competing directly with lower-priced Chinese imports on the basis of price in this market category. Moreover, given that several U.S. producers reported that they began shutting down production in this part of the market due in significant part to aggressive competition from low-priced imports, including China,[106] the record establishes that, at a minimum, the Chinese imports were having a significant, price-based impact in the Tier 3 category of the replacement market. China's arguments to the contrary are belied by the record and by their own concessions that competition in at least the low-end of the market was price-based.

37. In its response to this question, China has also continued to repeat the argument that the U.S. producers voluntarily abandoned the low-end sector of the market and Chinese imports merely filled the "supply gap"caused by this decision. As the United States has explained, this claim simply does not withstand scrutiny. As the ITC pointed out, the record showed that:

- Imports from China were increasing in a significant and rapid fashion before companies like Bridgestone, Goodyear and Continental announced the closure of facilities in 2006 and the following years.[107]
- U.S. producers reported that "competition from low-cost producing countries," including China, was a significant factor leading to the closure of facilities in 2006 and later years.[108]
- Industry reporters reported that the overall effect of Chinese imports on domestic supply in the early part of 2006 had been "profound."[109] Indeed, the record

[105] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 56.

[106] ITC Report, p. 26 and I-15-I7. Exhibit US-1.

[107] ITC Report, p. 26. Exhibit US-1.

[108] ITC Report, p. 26 and I-15-17. Exhibit US-1.

[109] ITC Report, p. 27, n. 150. Exhibit US-1.

> showed that China had become the single largest import source of low-priced tires by the end of 2006.[110]

Moreover, at the ITC hearing, union officials directly involved in the negotiations to try to stop the closing of the plants in question testified that management officials explained that Chinese imports were having a significant impact on the production operations at the plants. For example, one union official testified that:

> "Imports from China closed our plant {the Goodyear plant in Tyler, Texas, which was shuttered 2007} . . . . , and they'll close more if the industry does not get relief. From the very beginning, Goodyear told us the Tyler plant was at risk because of low-priced imports. As Tom {Conway, another Union official}, already mentioned, in presentation to us, the company repeatedly identified imports from Asia, including fast-growing imports from China, as a threat to our plant. The reason our plant was vulnerable was because we made the lower price point, smaller size tires. These were wholesale private label tires. This is where China entered the market first. They've already begun to climb up the value line. We were at the front line."[111]

Similarly, another union official stated that:

> "In interim meetings with Goodyear since 2003, we've had open discussions about imports from China. In presentations to the union, Goodyear specifically identified low-priced Asian imports as a threat to our facilities, and they show that China's share of these imports are rising steadily. At the opening of our 2006 contract negotiations, the message could not have been clearer. Then president of Goodyear North America Jon Rich said in his opening statement: We are under attack as never before from foreign competitors. In particular, Goodyear demanded that the plant in Tyler, Texas had to close due to what they called intense pressure from low-cost imports. In addition to the closure of Tyler, . . . we agreed to significant wage and benefit cuts . . . . To help the company survive the onslaught of tires from China, it was not enough just to cut costs. There was simply no way to compete with China on cost alone. Their prices are so far below any rational level you would get in a functioning market that even if we came to work for free we couldn't compete on the basis of cost."[112]

In other words, the record showed that the decision to close these facilities and reduce capacity was <u>not</u> a voluntary decision made independently of imports. It was, instead, a direct response to

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[110] ITC Report, Table II-1. Exhibit US-1.

[111] ITC Hearing Tr. at 93-94 (Mr. Wansley, President of USW local at the Goodyear plant in Tyler Texas). Exhibit US-39.

[112] ITC Hearing Tr. at 85-86 (Mr. Conway, Vice President, USW). Exhibit US-39.

the growing presence in the market of low-cost Chinese imports, which had reportedly had a "profound" effect on the U.S. tires market by the beginning of 2006.[113]

38. China's theory that the Chinese imports were simply "filling the gap" left by the departure of U.S. producers is also belied by the behaviour of non-subject imports in 2006 and the years subsequent to the closures of these facilities. In direct contrast to the Chinese imports, which continued to grow rapidly during the years 2006, 2007, and 2008, the volumes of non-subject imports actually fell during these years. Specifically, the volume of non-subject imports declined by 1.8 percent in 2006, by another 1.7 percent in 2007 and by 6.1 percent in 2008.[114] Moreover, during this period, the market share of the non-subject imports essentially remained flat.[115] In other words, if imports had been merely "filling the gap" left by the departure of the U.S. producers from the low-end of the market, then one would expect to see a growth in the volume and market share of non-subject imports that was similar to that exhibited by the Chinese imports. As can be seen, however, that did not occur. In sum, the Chinese imports were not simply filling a supply gap in the low-end of the market; they were a cause of certain producers' decision to reduce their sales in that end of the market.

39. Finally, China argues that the fact that the underselling margins grew over the period because U.S. producers were able to significantly raise prices while the prices of the Chinese imports remained relatively stable. According to China, this shows that the U.S. and Chinese tires were competing in different sectors of the market.[116] As support for this argument, China notes that, for price comparison product 1, the price of U.S. tires increased by $12.57 per tire between 2004 to 2008, while the price of the comparison Chinese tires increased by only $1.96 during this period.[117]

40. China's arguments once again betray its failure to understand the ITC's price findings. In this case, the ITC found that there were two significant effects from the consistent underselling by the subject imports. First, the ITC found that the consistent underselling by Chinese imports had a significant adverse impact on the sales volume and market share of the U.S. tire industry.[118] Specifically, the record showed that, as the Chinese imports consistently undersold the industry over the period of investigation, they were able to displace U.S. tires from a significant part of

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[113] ITC Report, pp.. 26-27, n. 150. Exhibit US-1.

[114] ITC report, Table C-1. Exhibit US-1.

[115] ITC report, Table C-1. Exhibit US-1. The market share of non-subject imports was 33.6 percent in 2005, 34.5 percent in 2006, 33.4 percent in 2007, and 33.7 percent in 2008. Id.

[116] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 61-62.

[117] China's Answers to Panel Questions to the Parties from the Second Substantive Meeting, para. 61-62.

[118] ITC report, pp. 23-24 and 29. Exhibit US-1.

the market, with the market share of the subject imports growing by 111.9 percentage points over the period while the industry lost 13.7 percentage points of market share during that time.[119] Thus, even though the U.S. producers may have been able to maintain some price discipline in the market over the period, they suffered steep volume and market share declines in the face of consistent underselling by the Chinese imports.

41. Secondly, the ITC did not conclude that the Chinese imports had depressed the prices of U.S. tires during the period of investigation. Instead, the ITC found that the consistent underselling by Chinese imports suppressed price increases that would have occurred in the absence of such price competition.[120] As the ITC stated, "continued underselling by the subject imports prevented domestic producers from raising prices sufficiently to offset higher production costs and thus suppressed prices."[121] As the ITC explained, the record showed that the industry's ratio of cost of goods sold to net sales increased by 5.4 percentage points over the period, indicating that the industry was unable to pass increasing raw material costs along to its customers.[122] Thus, while it may be true that the price of U.S. tires for price comparison product no. 1 increased by $<u>12.57</u> over the period, that price increase was not enough to offset the increase in the industry's cost of goods sold, which increased by $<u>21.24</u> over the same period.[123] Given this, it was reasonable for the ITC to conclude that underselling by the Chinese imports was a significant factor in the industry's inability to pass on its increasing costs to its customers during the period.

42. In sum, it is not true, as China claims, that the record showed that the U.S. industry ceded the low-end of the replacement market to the Chinese imports and the Chinese imports simply filled the gap left by the U.S. industry's departure. Instead, the record showed that the large and rapidly increasing volumes of the Chinese imports undersold the U.S. tires throughout the period of investigation, that Chinese imports displaced U.S. producers in that and other segments of the market because of such underselling, and that Chinese imports prevented the industry from passing on considerable cost increases during the period to their customers. In the end, the ITC reasonably found that the Chinese imports were increasing rapidly so as to be a significant cause of material injury to the U.S. tires industry.[124]

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[119] ITC Report, Table C-1. Exhibit US-1.

[120] ITC Report, pp. 23-24. Exhibit US-1.

[121] ITC Report, pp. 24. Exhibit US-1.

[122] ITC Report, p. 24. Exhibit US-1.

[123] ITC Report, Table C-1. Exhibit US-1. The domestic industry's selling, general, and administrative expenses also increased over the period by $2.26.

[124] ITC Report, p. 29. Exhibit US-1.