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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-016, C-570-017]

Notice of Initiation and Preliminary Results of Changed Circumstances Reviews: Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: In response to a request for changed circumstances reviews (CCRs), the Department of Commerce (Commerce) is initiating CCRs of the antidumping duty (AD) and countervailing duty (CVD) orders on certain passenger vehicle and light truck tires (passenger tires) from the People's Republic of China (China). We have preliminarily determined that: Sailun Group Co., Ltd. (Sailun Group) is the successor-in-interest to Sailun Jinyu Group Co., Ltd. (Sailun Jinyu); Sailun (Dongying) Tire Co., Ltd. (Sailun Dongying) is the successor-in-interest to Shandong Jinyu Industrial Co., Ltd. (Shandong Jinyu); and Sailun Group (Hong Kong) Co., Ltd. (Sailun HK) is the successor-in-interest to Sailun Jinyu Group (Hong Kong) Co., Ltd. (Sailun Jinyu HK). As a result, these entities should be accorded the same treatment previously accorded to this company group. Interested parties are invited to comment on these preliminary results.

DATES: Applicable **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

FOR FURTHER INFORMATION CONTACT: Toni Page at (202) 482-1398 (AD) or Andrew Huston at (202) 482-4261 (CVD), Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On August 10, 2015, Commerce published in the *Federal Register* the AD and CVD *Orders* on passenger tires from China.¹ During the AD investigation of this proceeding, Commerce selected Sailun Jinyu as a mandatory respondent and found that Sailun Jinyu, Shandong Jinyu, Sailun Jinyu HK, as well as several other companies were part of the Sailun Jinyu Group and treated them as a single entity for purposes of calculating the AD margin.² In the companion CVD case, the Sailun Group has never been selected as a mandatory respondent in any of the proceedings and has received the all-others CVD subsidy rate in the investigation and subsequent administrative reviews.³

On October 25, 2019, Sailun Jinyu requested that Commerce conduct expedited CCRs of the *Orders* to determine that Sailun Group is the successor-in-interest to Sailun Jinyu, Sailun Dongying is the successor-in-interest to Shandong Jinyu, and Sailun HK is the successor-in-

¹ See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 FR 47902 (August 10, 2015) (*Orders*).

² See Sailun Jinyu's Letter, "Sailun Request for a Changed Circumstances Review in Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, Case No. A-570-016," dated October 25, 2019 (AD CCR Request).

³ See Sailun Jinyu's Letter, "Sailun Request for a Changed Circumstances Review in Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, Case No. C-570-017," dated October 25, 2019 (CVD CCR Request).

interest to Sailun Jinyu HK.⁴ Commerce continued to treat the Sailun Jinyu Group as a single entity through subsequent AD administrative reviews.⁵ In its requests, Sailun Jinyu addressed the factors Commerce analyzes with respect to successor-in-interest determinations in the AD and CVD context, and provided documentation in support.⁶ Commerce received no comments from interested parties on Sailun Jinyu's CCR requests. On December 6, 2019, Commerce extended the deadline to determine whether to initiate the CCR by 45 days, until January 23, 2020⁷ in accordance with 19 CFR 351.302(b). On December 10, 2019, Commerce requested additional information from Sailun Jinyu,⁸ and Sailun Jinyu responded to this request on December 20, 2019.⁹

Scope of the Orders

The scope of these orders is passenger vehicle and light truck tires. Passenger vehicle and light truck tires are new pneumatic tires, of rubber, with a passenger vehicle or light truck size designation. Tires covered by this order may be tube-type, tubeless, radial, or non-radial, and they may be intended for sale to original equipment manufacturers or the replacement market.

Subject tires have, at the time of importation, the symbol "DOT" on the sidewall, certifying that the tire conforms to applicable motor vehicle safety standards. Subject tires may

⁴ See AD CCR Request; and CVD CCR Request.

⁵ See AD CCR Request at 5.

⁶ See AD CCR Request; and CVD CCR Request.

⁷ See Memorandum, "Initiation of Changed Circumstances Reviews: Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China," dated December 6, 2019.

⁸ See Commerce's Letter, "Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China Changed Circumstances Review Request Questionnaire," dated December 10, 2019.

⁹ See Sailun Jinyu's Letter, "Sailun Questionnaire Response in the CVD Changed Circumstances Review of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, Case No. C-570-017," dated December 20, 2019 (Sailun Jinyu CCR Response).

also have the following prefixes or suffix in their tire size designation, which also appears on the sidewall of the tire:

Prefix designations:

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

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

Suffix letter designations:

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

All tires with a “P” or “LT” prefix, and all tires with an “LT” suffix in their sidewall markings are covered by this investigation regardless of their intended use.

In addition, all tires that lack a “P” or “LT” prefix or suffix in their sidewall markings, as well as all tires that include any other prefix or suffix in their sidewall markings, are included in the scope, regardless of their intended use, as long as the tire is of a size that is among the numerical size designations listed in the passenger car section or light truck section of the Tire and Rim Association Year Book, as updated annually, unless the tire falls within one of the specific exclusions set out below.

Passenger vehicle and light truck tires, whether or not attached to wheels or rims, are included in the scope. However, if a subject tire is imported attached to a wheel or rim, only the tire is covered by the scope.

Specifically excluded from the scope are the following types of tires:

(1) racing car tires; such tires do not bear the symbol “DOT” on the sidewall and may be marked with “ZR” in size designation;

- (2) new pneumatic tires, of rubber, of a size that is not listed in the passenger car section or light truck section of the Tire and Rim Association Year Book;
- (3) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
- (4) non-pneumatic tires, such as solid rubber tires;
- (5) tires designed and marketed exclusively as temporary use spare tires for passenger vehicles which, in addition, exhibit each of the following physical characteristics:
 - (a) the size designation and load index combination molded on the tire's sidewall are listed in Table PCT-1B ("T" Type Spare Tires for Temporary Use on Passenger Vehicles) of the Tire and Rim Association Year Book,
 - (b) the designation "T" is molded into the tire's sidewall as part of the size designation, and,
 - (c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed is 81 MPH or a "M" rating;
- (6) tires designed and marketed exclusively for specialty tire (ST) use which, in addition, exhibit each of the following conditions:
 - (a) the size designation molded on the tire's sidewall is listed in the ST sections of the Tire and Rim Association Year Book,
 - (b) the designation "ST" is molded into the tire's sidewall as part of the size designation,
 - (c) the tire incorporates a warning, prominently molded on the sidewall, that the tire is "For Trailer Service Only" or "For Trailer Use Only",
 - (d) the load index molded on the tire's sidewall meets or exceeds those load indexes listed in the Tire and Rim Association Year Book for the relevant ST tire size, and

(e) either

(i) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by Tire and Rim Association Year Book, and the rated speed does not exceed 81 MPH or an "M" rating; or

(ii) the tire's speed rating molded on the sidewall is 87 MPH or an "N" rating, and in either case the tire's maximum pressure and maximum load limit are molded on the sidewall and either

(1) both exceed the maximum pressure and maximum load limit for any tire of the same size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book; or

(2) if the maximum cold inflation pressure molded on the tire is less than any cold inflation pressure listed for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book, the maximum load limit molded on the tire is higher than the maximum load limit listed at that cold inflation pressure for that size designation in either the passenger car or light truck section of the Tire and Rim Association Year Book;

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

(a) the size designation and load index combination molded on the tire's sidewall are listed in the off-the-road, agricultural, industrial or ATV section of the Tire and Rim Association Year Book,

(b) in addition to any size designation markings, the tire incorporates a warning, prominently molded on the sidewall, that the tire is "Not For Highway Service" or "Not for Highway Use",

(c) the tire's speed rating is molded on the sidewall, indicating the rated speed in MPH or a letter rating as listed by the Tire and Rim Association Year Book, and the rated speed does not exceed 55 MPH or a "G" rating, and

(d) the tire features a recognizable off-road tread design.

The products covered by this order are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4011.10.10.10, 4011.10.10.20, 4011.10.10.30, 4011.10.10.40, 4011.10.10.50, 4011.10.10.60, 4011.10.10.70, 4011.10.50.00, 4011.20.10.05, and 4011.20.50.10. Tires meeting the scope description may also enter under the following HTSUS subheadings: 4011.99.45.10, 4011.99.45.50, 4011.99.85.10, 4011.99.85.50, 8708.70.45.45, 8708.70.45.60, 8708.70.60.30, 8708.70.60.45, and 8708.70.60.60. While HTSUS subheadings are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

Initiation of Changed Circumstances Reviews

Pursuant to section 751(b)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.216, Commerce will conduct a CCR upon a request from an interested party for a review of an AD or CVD order which shows changed circumstances sufficient to warrant a review of the orders. The information submitted by Sailun Jinyu supporting its claim that Sailun Group is the successor-in-interest to Sailun Jinyu, Sailun Dongying is the successor-in-interest to Shandong Jinyu, and Sailun HK is the successor-in-interest to Sailun Jinyu HK demonstrates both good cause and changed circumstances sufficient to initiate these reviews.¹⁰

Sailun Jinyu argues that Commerce's practice is to grant expedited successor-in-interest status to new companies when the evidence confirms that the company has merely changed its

¹⁰ See 19 CFR 351.216.

name.¹¹ Sailun Jinyu notes that in the *Aspirin from China* CCR, Commerce stated that the company under review demonstrated sufficient good cause in accordance with 19 CFR 351.216(c) because the company had only undergone a change in name.¹² The information submitted by Sailun Jinyu demonstrates that its and its entities' requests are based solely on changes to their respective company names. Specifically, Sailun Jinyu provided a company announcement explaining how it and its affiliates changed their company names as part of a re-branding strategy.¹³

Therefore, in accordance with the above-referenced regulation, Commerce is initiating CCRs to determine whether Sailun Group is the successor-in-interest to Sailun Jinyu, Sailun Dongying is the successor-in-interest to Shandong Jinyu, and Sailun HK is the successor-in-interest to Sailun Jinyu HK.

Preliminary Results

When it concludes that expedited action is warranted, Commerce may publish the notice of initiation and preliminary results of a CCR concurrently.¹⁴ Commerce has combined the notice of initiation and preliminary results in successor-in-interest CCRs when sufficient documentation has been provided supporting the request to make a preliminary determination.¹⁵ In this instance, because we have on the record information to support the request for AD and CVD preliminary determinations, we find that expedited action is warranted, and we are

¹¹ See AD CCR Request at 3; and CVD CCR Request at 3 (citing *Bulk Aspirin from the People's Republic of China: Initiation of Changed Circumstances Antidumping Duty Administrative Review*, 67 FR 39344 (June 7, 2002) (*Aspirin from China* CCR)).

¹² See AD CCR Request at 3; and CVD CCR Request at 3.

¹³ See AD CCR Request at 6 and Exhibit 2; see also CVD CCR Request at 5 and Exhibit 1.

¹⁴ See 19 CFR 351.221(c)(3)(ii).

¹⁵ See, e.g., *Multilayered Wood Flooring from the People's Republic of China: Initiation and Preliminary Results of Antidumping and Countervailing Duty Changed Circumstances Reviews*, 82 FR 9561 (February 7, 2017), unchanged in *Multilayered Wood Flooring from the People's Republic of China: Final Results of Changed Circumstances Reviews*, 82 FR 14691 (March 22, 2017) (*Wood Flooring from China 2017 CCR*).

combining the notice of initiation and the notice of preliminary results, in accordance with 19 CFR 351.221(c)(3)(ii).

AD Methodology

In a CCR, Commerce generally considers a company to be the successor to another company for AD cash deposit purposes if the operations of the successor are not materially dissimilar from those of its predecessor.¹⁶ In making an AD CCR determination, Commerce examines a number of factors including, but not limited to, changes in: (1) management; (2) production; (3) suppliers; and (4) customer base.¹⁷ While none of these factors is dispositive, Commerce will generally consider one company to be the successor to another if its resulting operation is essentially the same as that of its predecessor.¹⁸ Thus, if the evidence demonstrates that, with respect to the production and sale of the subject merchandise, the new company operates as the same business entity as the prior company, Commerce will assign the new company the cash deposit rate of its predecessor.¹⁹ In its CCR submission, Sailun Jinyu provided evidence demonstrating that the successor companies' operations are not materially dissimilar from those of the predecessors. Specifically, all three of the new Sailun Group entities will be managed and operated by the same management teams as those of their predecessors.²⁰ Further, there is no change in the Sailun Jinyu Group's production facilities as a result the name

¹⁶ *Id.*

¹⁷ See *Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review: Multilayered Wood Flooring from the People's Republic of China*, 79 FR 48117, 48118 (August 15, 2014), unchanged in *Multilayered Wood Flooring from the People's Republic of China: Final Results of Changed Circumstances Review*, 79 FR 58740 (September 30, 2014).

¹⁸ *Id.*

¹⁹ See, e.g., *Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review: Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China*, 81 FR 76561 (November 3, 2016), unchanged in *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China: Final Results of Changed Circumstances Review*, 81 FR 91909 (December 19, 2016).

²⁰ See AD CCR Request at 9, 10, 12 and Exhibits 3c, 4c, and 5b.

changes.²¹ Finally, there have been no significant changes to the companies' suppliers or customer base.²² Based on the foregoing, we preliminarily determine that Sailun Group is the successor-in-interest to Sailun Jinyu, Sailun Dongying is the successor-in-interest to Shandong Jinyu, and Sailun HK is the successor-in-interest to Sailun Jinyu HK. As such, these entities are entitled to the Sailun Jinyu Group's AD cash deposit rate with respect to entries of subject merchandise.

CVD Methodology

As a general rule, in a CVD CCR, Commerce will make an affirmative CVD successorship finding (*i.e.*, that the respondent company is the same subsidized entity for CVD cash deposit purposes as the predecessor company) where there is no evidence of significant changes in the respondent's: (1) operations; (2) ownership; and (3) corporate and legal structure during the relevant period (*i.e.*, the "look-back window") that could have affected the nature and extent of the respondent's subsidy levels.²³ Where Commerce makes an affirmative CVD successorship finding, the successor's merchandise will be entitled to enter under the predecessor's cash deposit rate.²⁴ Here, we find no evidence of significant changes between Sailun Jinyu, Shandong Jinyu, and Sailun Jinyu HK, and the successor in interest companies, respectively, Sailun Group, Sailun Dongying and Sailun HK's operations, ownership, or their corporate or legal structure that could have had an impact on Sailun Group, Sailun Dongying,

²¹ *Id.* at 9 and Exhibits 3d and 4d.

²² *Id.* at 10 and Exhibits 3e, 3f, 4e, 4f, 5c, and 5d.

²³ See *Certain Pasta from Turkey: Preliminary Results of Countervailing Duty Changed Circumstances Review*, 74 FR 47225 (September 15, 2009). Here, the relevant period, or "look-back window," is December 31, 2018 (end of the period of review associated with the most recent opportunity to request an administrative review) through October 25, 2019 (date of the CVD CCR request).

²⁴ See *Wood Flooring from China 2017 CCR*.

and Sailun HK's subsidy levels.²⁵ Specifically, all record information with respect to Sailun Group, Sailun Dongying, and Sailun HK's trading operations,²⁶ shareholders, and corporate and legal structures²⁷ demonstrates that these companies are the same subsidized entities as their predecessors.²⁸ Accordingly, we preliminarily determine that Sailun Group, Sailun Dongying, and Sailun HK are the successors-in-interest to Sailun Jinyu, Shandong Jinyu, and Sailun Jinyu HK, respectively, and, as such, that they are entitled to Sailun Jinyu, Shandong Jinyu, and Sailun Jinyu HK's CVD cash deposit rate with respect to entries of subject merchandise.

Should our final results remain the same as these preliminary results, we will instruct U.S. Customs and Border Protection to assign entries of subject merchandise exported by Sailun Group, Sailun Dongying, and Sailun HK the AD and CVD cash deposit rates applicable to Sailun Jinyu, Shandong Jinyu, and Sailun Jinyu HK, effective the date of publication of the final results.

Public Comment

Any interested party may request a hearing within 14 days of publication of this notice, in accordance with 19 CFR 351.310(c). Interested parties may submit case briefs and/or written comments no later than 14 days after the date of publication of this notice.²⁹ Rebuttal briefs and rebuttals to written comments, which must be limited to issues raised in such briefs or comments, may be filed not later than 7 days after the case briefs.³⁰ Any hearing, if requested, will normally be held two days after rebuttal briefs/comments are due, in accordance with 19 CFR

²⁵ See CVD CCR Request; and Sailun Jinyu CCR Response.

²⁶ See CVD CCR Request at Exhibits 2e, 2f, 3e, 3f, 4c and 4d; and Sailun Jinyu CCR Response at 3.

²⁷ See CVD CCR Request at Exhibits 2a, 2b, 2c, 2d, 3a, 3b, 3c, 4a, 4b and 4c; and Sailun Jinyu CCR Response at 4.

²⁸ See CVD CCR Request at Exhibit 1.

²⁹ Commerce is exercising its discretion under 19 CFR 351.309(c)(1)(ii) to alter the time limit for the filing of case briefs.

³⁰ Commerce is exercising its discretion under 19 CFR 351.309(d)(1) to alter the time limit for the filing of rebuttal briefs.

351.310(d)(1). Parties who submit case briefs or rebuttal briefs in these CCRs are requested to submit with each argument (1) a statement of the issue, and (2) a brief summary of the argument with an electronic version included. Consistent with 19 CFR 351.216(e), we will issue the final results of these CCRs no later than 270 days after the date on which these reviews were initiated or within 45 days of publication of these preliminary results if all parties agree to our preliminary findings.

Notification to Interested Parties

We are issuing and publishing this initiation and preliminary results notice in accordance with sections 751(b)(1) and 777(i)(1) of the Act, and 19 CFR 351.216 and 351.221(c)(3).

Dated: January 22, 2020.

Jeffrey I. Kessler,

Assistant Secretary

for Enforcement and Compliance.

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