

TRADE REMEDIES AUTHORITY

TRANSITION ANTI-DUMPING REVIEW TD0035

SUBMISSION ON REPRESENTATIVE THIRD COUNTRY

2 OCTOBER 2023

INTRODUCTION

1. On 21 September 2023, the Trade Remedies Authority (TRA) published notice of Brazil as its provisional choice of an appropriate representative third country, in case the TRA determines that a Particular Market Situation (PMS) exists in the bus and lorry tyre industry in the domestic market of the PRC (the "Notice").
2. The present submission is in favour of the TRA's proposal to use Brazil (i) as part of its examination of whether a Particular Market Situation (PMS) exists in bus and lorry tyres in the People's Republic of China and, should the TRA determine that a PMS exists, (ii) to determine the normal value of the goods subject to review by making adjustments to the costs of production and the amounts for administrative, selling, general costs and profits.
3. The TRA reached its provisional choice of Brazil as the most appropriate representative third country after considering a number of possible countries: Turkey, Brazil, Thailand, India, the Republic of Korea, and the United States of America.
4. The indicators of a similar level of economic development for the third countries assessed include:
 - a) GDP per capital;
 - b) life expectancy; and
 - c) the Human Development Index.
5. The TRA also considered:
 - a) the availability and reliability of data from each of the selected countries; and
 - b) the existence of trade remedy measures on like goods.
6. These factors are considered below.

SIMILAR LEVEL OF ECONOMIC DEVELOPMENT

7. It is submitted that Brazil is an "appropriate representative country" on the basis that it shares a similar level of economic development with China.
8. Brazil, like China, is classified by the World Bank as an Upper middle income economy.
9. Brazil's Gross Domestic Product (GDP) per capita for 2022 amounted to USD 8,917, a level comparable to that of China (USD 12,720).¹

¹ The World Bank, Upper Middle income countries, <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=XT>

10. It is noted that in the TRA's anti-dumping investigation on aluminium extrusions originating in China (AD0012), the TRA identified Brazil as the most appropriate representative third country noting that it shares with China a similar level of economic development, based on GDP per capita, life expectancy and literacy rate,² as illustrated in the following table:³

Table 2: Brazil and the PRC – Economic Development Indicators		
	Brazil	The PRC
GDP per capita (<i>average annual figure from 2017-20</i>)	\$8,693	\$9,892
Life Expectancy at birth (<i>2019</i>)	76 years	77 years
Literacy Rate (<i>2018</i>)	93%	97%

Source: [The World Bank](#)

11. The choice of Brazil as a representative country is also consistent with the approach adopted by the European Commission in the 2018 European investigation.⁴

AVAILABILITY OF RELIABLE INFORMATION

12. As regards the availability of reliable information, the TRA confirmed in its Notice that it has access to the required data.
13. The availability of reliable information was also relevant to the TRA's choice of Brazil as an appropriate representative country in AD0012 (Aluminium Extrusions). The TRA relied on energy cost data from the Brazilian Government's Ministry for Mines and Energy (MME), using their Energy Information Service.⁵ The TRA also relied on data sources such as S&P Platts and the London Metal Exchange (LME) which provide undistorted international prices, costs and benchmarks.
14. Reliable data, including Brazilian import statistics for the inputs necessary for the production of tyres, are also publicly available.

² Final Determination, Aluminium Extrusions (AD0012) dated 16 December 2022, para. 195.

³ Statement of Essential Facts, Aluminium Extrusions (AD0012) dated 20 May 2022, para. 151.

⁴ Commission Implementing Regulation (EU) 2018/1579 of 18 October 2018 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain pneumatic tyres, new or retreaded, of rubber, of a kind used for buses or lorries, with a load index exceeding 121 originating in the People's Republic of China and repealing Regulation (EU) 2018/163, recs. 83 et ss.

⁵ Statement of Essential Facts, Aluminium Extrusions (AD0012) dated 20 May 2022, para. 164; Ministry for Mines and Energy: https://www.mme.gov.br/SIEBRASIL/consultas/visor_reportes_d42.aspx?oc=138&or=30175&ss=2&v=1

THE TYRE MARKET IN BRAZIL

15. The tyre industry in Brazil produces and exports new and retreaded tyres.
16. In 2021, Brazil's tyre market size was USD 6.3 billion.⁶
17. It is projected that in 2023 demand for "load" (truck) tyres in Brazil will be around 10 million units, of which more than 25% will be imports.⁷
18. Key companies in the sector include:
 - Bridgestone Do Brasil Industria E Comercio Ltda.;
 - Continental Brasil Industria Automotiva Ltda.;
 - Goodyear Do Brasil Produtos De Borracha Ltda.;
 - JK Tire Brazil;
 - Michelin SMPIC LTDA;
 - Pirelli Ltda.;
 - Prometeon Tyre Group Industria Brasil Ltda.;
 - Sumitomo Rubber do Brasil Ltda.;
 - Titan Brazil; and
 - Yokohama Rubber Latin America Comercio Ltda.
19. Recent developments which testify to the significant and growing size of Brazil's tyre industry include:
 - a) On 2 May 2023, Yokohama Rubber Co., Ltd. completed the acquisition of all outstanding shares of Trelleborg Wheel Systems Holding AB.
 - b) On 6 September 2022, Bridgestone announced an additional investment of more than R\$ 270 million in the modernization & expansion of its tire production plant in Camaçari, Bahia, Brazil, i.e., in view of the rising demand for high-performance tires.

⁶ Estimated Market Value (USD) in 2021, Research and market, <https://www.researchandmarkets.com/reports/5504320/brazil-tire-market-size-forecast-2022-2027>; see also, Digital Journal, "Brazil Tire Market Size, Overview, Share, Demand, Trends, and Forecast 2031", dated 28 July 2023: <https://www.digitaljournal.com/pr/news/alliance-daily-newspaper/brazil-tire-market-size-overview-share-demand-trends-and-forecast-2031>

⁷ Associação Nacional da Indústria de Pneumáticos (ANIP), Tyre Sector Demand Project Model 2023: <https://www.anip.org.br/sitenovo/wp-content/uploads/2023/04/ANIP-Proje%C3%A7%C3%A3o-de-Demanda-Setorial-2023.pdf>

- c) In July 2021, Sumitomo Rubber Industries Ltd. announced that it would be investing RUSD 1.064 billion (USD 200 million) to expand its tire production capacity for passenger cars and light truck tires at its factory in Brazil.

CONCLUSION

20. In light of the above, it is submitted that Brazil is the appropriate representative third country for the establishment of the normal value of the goods subject to review, as proposed by the TRA in its Notice.