

**UK Transition Reviews on Bus and Lorry Tyres from China
TD0035 and TS0036
Submission of the China Rubber Industry Association (CRIA)
Rebuttal on the Anonymous Submission of 29 November 2023**

Reference is made to the captioned UK transition review on anti-dumping and countervailing measures imposed on bus and lorry tyres from China. CRIA noticed an anonymous submission of 20 February 2024 in response to several previous submissions, including the one of CRIA. It also brings to CRIA's attention a questionnaire response, uploaded on 29 November 2023, without disclosing the identity of the submitting party. As presented during the online meeting of 19 April 2023 between CRIA and the UK Trade Remedies Authority (TRA), CRIA considers that by withholding the identity of a submitting party, such action has led to a serious procedural violation, which prevented other interested parties' from properly exercising their rights of defense.

Without prejudice to the above principal position, CRIA provides the following comments on the anonymous documents submitted on 29 November 2023 and 20 February 2024, respectively.

Anonymous Submission Argument 1:

"In 2022, at least 1.5 million units of additional TBR¹ production capacities had already been added, as reported by the CRIA. This puts the total TBR production capacity at around 143.25 million units/year for 2022. If the same capacity utilization rates were taken as for the year 2021, this would bring output to around 123.67 million tyres produced. The available unused capacity in China in 2022 therefore amounts to almost 20 million units."

CRIA's comments:

1. Procedural aspects

- [1] The anonymous submission neither discloses the sources of such figures nor provides a reasonable abstract, so CRIA is not able to verify the source of the information and comment on the reliability of the information, which undermines CRIA's right of defense. The anonymous party is therefore requested to disclose its information source and CRIA reserves its right to further comments.
- [2] The data source in the submitted attachment appears to be for all types of tyres, not just the products under review. This general data source is completely inapplicable and, therefore, it is inappropriate to rely on this general data source to support claims of significant overcapacity in truck and bus tyre production. The claim therefore lacks procedural credibility and logic.

2. Substantive aspects

- [1] The capacity utilization rate in 2021 cannot accurately reflect the production capacity in 2022 and beyond. During the COVID -19 pandemic period, market demand was

¹ TBR refers to Truck, Bus and Radial tyres, which is the product concerned in the investigations.

severely affected, resulting in a low-capacity utilization rate. However, as the COVID situation improves and the market gradually recovers, economic activities resume, along with market liberalization and rising consumer demand, capacity utilization will gradually increase as of 2022. Therefore, it is unreasonable to simply apply the 2021 capacity utilization rates to future scenario analysis. Since the anonymous submission did not provide any data basis, we conducted our own research on China's tire production and capacity utilization after 2021, and found that there is no serious overcapacity:

- i. After the pandemic, the demand for tires at home and abroad has increased to a large extent. In the first half of 2023, the operating rate, production, and export of China's tyre industry are all high. In the second half of the year, the industry is still doing well. According to the latest data from the National Bureau of Statistics, in December 2023, China's rubber tyre production reached 86.87 million pieces, up 23.8 percent year-on-year, and for the whole year, it will reach 988 million pieces, up 15.3 percent. Since 2023, China's tyre production has far exceeded the data of the same period during the three years of pandemic, and the overall production and sales have achieved more than double-digit growth. (Please refer to **Exhibit 1**)
- ii. In recent years, many foreign invested enterprises in China have withdrawn their TBR production capacity from the Chinese market. Therefore, China's production capacity will not increase significantly but will decrease. (Please refer to **Exhibit 2**)
- iii. The overall capacity utilization rate of Linglong Tire is above 80%, and the on-hand orders for semi steel are sufficient; trial production of semi steel will be conducted in September 2023. The orders for semi steel are still in short supply in the third quarter, the capacity utilization rate continuously exceeds capacity, and the capacity utilization rate for whole steel will be improved gradually from September; Sentury Tire products continue to outstrip supply. Qingdao and Thailand production bases are full capacity. The company's 17-inch and more large size tyres and special performance tyres cost-effective advantages continue to highlight, export orders in the second half of 2023 remain full; The comprehensive capacity utilization rate of Triangle Tire Company will be above 80% in the first half of 2023, and orders will be continuously sufficient. (Please refer to **Exhibit 3**).

Anonymous Submission Argument 2:

“The total planned additional capacities would account for a total estimated capacity increase of 33.1M units. As a result of these increases, China's total production capacity of the goods subject to review is forecasted to reach a staggering 172.3M units per year. In the meantime, domestic consumption in China is not expected to exceed 70 to 80M units per year.”

CRIA's comments:

The anonymous submission neither discloses the sources of such figures nor provides a

reasonable abstract therefor, so CRIA is not able to verify the source of the information and comment on the reliability of the information, which undermines CRIA's right of defense. CRIA requests the anonymous party to disclose its information source and reserved the right to further comment.

Summary

To sum up, the production capacity of TBR in China remains at a sufficient level, and the capacity utilization rate has increased gradually after the pandemic. Moreover, according to the statistical data, the UK market is not the main market for China's export of truck tyres, even when the export of truck tyres will increase as claimed by the anonymous submission. (Please refer to **Exhibit 4**)

Based on the above, CRIA considers that the anonymous submission has not provided sufficient evidence to support its claim that there is a serious overcapacity in China. CRIA requests the UK TRA to reject the anonymous submission.

CRIA's Additional Notes:

During the online meeting with the TRA of 19 April 2024, CRIA presented certain export data extracted from the Chinese Customs, which can be reconciled with www.trademap.org. The detailed Chinese Customs data is provided in **Exhibit 5**.

During the same online meeting, CRIA also presented two EU proceedings, which are relevant to CRIA's arguments. The two EU proceedings are also provided in:

Exhibit 6: Court Case C-322/81 Michelin v. Commission

Exhibit 7: Commission Decision: COMP/E-2/36.041/PO Michelin