



C-552-829  
Administrative Review  
POR: 11/10/2020 – 12/31/2021  
**Public Document**  
E&C/OI: TES

September 25, 2023

**MEMORANDUM TO:** Lisa W. Wang  
Assistant Secretary  
for Enforcement and Compliance

**FROM:** James Maeder  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

**SUBJECT:** Issues and Decision Memorandum for the Final Results of the  
Countervailing Duty Administrative Review of Passenger Vehicle  
and Light Truck Tires from the Socialist Republic of Vietnam;  
2020-2021

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## I. SUMMARY

The U.S. Department of Commerce (Commerce) analyzed the case brief submitted by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (the petitioner) in the administrative review of the countervailing duty (CVD) order on passenger vehicle and light truck tires (PVLТ tires or subject merchandise) from the Socialist Republic of Vietnam (Vietnam) covering the period of review (POR) November 10, 2020, through December 31, 2021.<sup>1</sup> We addressed the issue raised by the petitioner and made changes to our analysis for one program from the *Preliminary Results*.<sup>2</sup>

Below is the sole issue in this review for which we received a comment from an interested party:

Comment: Whether Commerce Should Use a Different Denominator for the Currency Exchanges Program

## II. BACKGROUND

On July 21, 2023, Commerce published the *Preliminary Results* of this administrative review

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<sup>1</sup> See *Passenger Vehicle and Light Truck Tires from the Socialist Republic of Vietnam: Countervailing Duty Order*, 86 FR 38013 (July 19, 2021) (*Order*).

<sup>2</sup> See *Passenger Vehicle and Light Truck Tires from the Socialist Republic of Vietnam: Preliminary Results of Countervailing Duty Administrative Review and Partial Rescission of Administrative Review; 2020–2021*, 88 FR 47107 (July 21, 2023) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).



and invited interested parties to comment.<sup>3</sup> On August 21, 2023, we received a timely case brief from the petitioner.<sup>4</sup> No other party submitted a case or rebuttal brief or requested a hearing. We conducted this review in accordance with section 751 of the Tariff Act of 1930, as amended.

### III. SCOPE OF THE *ORDER*

The merchandise subject to the *Order* 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 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 *Order* 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 fits passenger cars or light trucks. Sizes that fit passenger cars and light trucks include, but are not limited to, 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. The scope includes all tires that are of a size that fits passenger cars or light trucks, 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.

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<sup>3</sup> *Id.*

<sup>4</sup> See Petitioner’s Letter, “Letter in Lieu of a Case Brief,” dated August 21, 2023 (Petitioner’s Case Brief).

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) pneumatic tires, of rubber, that are not new, including recycled and retreaded tires;
- (3) non-pneumatic tires, such as solid rubber tires;
- (4) 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-1R (“T” Type Spare Tires for Temporary Use on Passenger Vehicles) or PCT-1B (“T” Type Diagonal (Bias) 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;
- (5) tires designed and marketed exclusively as temporary use spare tires for light trucks which, in addition, exhibit each of the following physical characteristics:
  - (a) the tires have a 265/70R17, 255/80R17, 265/70R16, 245/70R17, 245/75R17, 245/70R18, or 265/70R18 size designation;
  - (b) “Temporary Use Only” or “Spare” is molded into the tire’s sidewall;
  - (c) the tread depth of the tire is no greater than 6.2 mm; and
  - (d) Uniform Tire Quality Grade Standards (UTQG) ratings are not molded into the tire’s sidewall with the exception of 265/70R17 and 255/80R17 which may have UTQG molded on the tire sidewall;
- (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;

- (8) Tires designed and marketed for off-road use as all-terrain-vehicle (ATV) tires or utility-terrain-vehicle (UTV) tires, and which, in addition, exhibit each of the following characteristics:
- (a) 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 87 MPH or an "N" rating, and
  - (b) both of the following physical characteristics are satisfied:
    - (i) The size designation and load index combination molded on the tire's sidewall does not match any of those listed in the passenger car or light truck sections of the Tire and Rim Association Year Book, and
    - (ii) The size designation and load index combination molded on the tire's sidewall matches any of the following size designation (American standard or metric) and load index combinations:

American Standard Size	Metric Size	Load Index
26x10R12	254/70R/12	72
27x10R14	254/65R/14	73
28x10R14	254/70R/14	75
28x10R14	254/70R/14	86
30X10R14	254/80R/14	79
30x10R15	254/75R/15	78
30x10R14	254/80R/14	90
31x10R14	254/85R/14	81
32x10R14	254/90R/14	95
32x10R15	254/85R/15	83
32x10R15	254/85R/15	94
33x10R15	254/90R/15	86
33x10R15	254/90R/15	95
35x9.50R15	241/105R/15	82
35x10R15	254/100R/15	97

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: 4011.90.10.10, 4011.90.10.50, 4011.90.20.10, 4011.90.20.50, 4011.90.80.10, 4011.90.80.50, 8708.70.45.30, 8708.70.45.46, 8708.70.45.48, 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.

#### **IV. CHANGES SINCE THE *PRELIMINARY RESULTS***

The “Discussion of the Issue” section contains a summary of the comment and Commerce’s positions on the issue raised in the petitioner’s case brief. As a result of this analysis, we made certain changes to the *Preliminary Results*. Specifically, we updated the denominator used to calculate the subsidy rate for the currency exchanges program.<sup>5</sup>

#### **V. SUBSIDIES VALUATION INFORMATION**

##### **A. Allocation Period**

Commerce made no changes to the allocation period and the allocation methodology used in the *Preliminary Results*. No issues were raised by interested parties in case briefs that would lead us to reconsider our preliminary finding regarding the allocation period or the allocation methodology. For a description of the allocation period and methodology used for the final results of review, *see* the *Preliminary Results* PDM at 7-8.

##### **B. Attribution of Subsidies**

Commerce made no changes to the methodologies used in the *Preliminary Results* for attributing subsidies. No issues were raised by interested parties in case briefs that would lead us to reconsider our preliminary finding regarding the attribution of subsidies. For a description of the allocation period and methodology used for the final results of review, *see* the *Preliminary Results* PDM at 8-9.

##### **C. Sales Denominators**

The petitioner submitted a comment in its case brief regarding the denominator Commerce used in the calculation of the subsidy rate for currency exchanges. As discussed below in the comment, we changed the program rate based on the petitioner’s comment. Commerce made no other changes to the denominators used in the *Preliminary Results*. *See* the *Preliminary Results* PDM at 9. For a description of the sales denominators used for the final results of review, *see* the “Discussion of the Issue” section below.

#### **VI. INTEREST RATES, DISCOUNT RATES, AND BENCHMARKS**

Commerce made no changes to the methodologies used in the *Preliminary Results*. For a description of the benchmarks used for the final results of review, *see* the *Preliminary Results* PDM at 9.

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<sup>5</sup> *See* Memorandum, “Final Results Calculations for Bridgestone Tire Manufacturing Vietnam, LLC,” dated concurrently with this memorandum (Bridgestone’s Final Calculation Memorandum).

## VII. ANALYSIS OF PROGRAMS

### A. Programs Determined to Be Countervailable

Commerce made a change to its preliminary methodology with respect to the benefit calculations for currency exchanges. For further details, *see* the “Discussion of the Issue” section below, as well as Bridgestone’s Final Calculation Memorandum. For complete descriptions, analyses, and calculation methodologies regarding all programs, *see* the *Preliminary Results*.<sup>6</sup> Except where noted below, the parties did not raise any issues regarding these programs in their case briefs.

The final program rates are as follows:

#### 1. Currency Exchanges

As discussed in the “Discussion of the Issue” section below, we made changes to the program rates for Bridgestone Tire Manufacturing Vietnam, LLC (Bridgestone).

Bridgestone:           1.34 percent *ad valorem* in 2020<sup>7</sup>  
                              0.00 percent *ad valorem* in 2021<sup>8</sup>

### B. Program Determined Not to Confer a Measurable Benefit During the POR

#### 1. Provision of Utilities for Less than Adequate Remuneration (LTAR)

No parties commented on this program. Accordingly, Commerce made no changes from the *Preliminary Results* regarding the methodology and choice of benchmarks used to calculate subsidies under this program. Commerce continues to find this program does not confer a measurable benefit to Bridgestone during the POR.

### C. Programs Determined Not to Be Used

No parties commented on these programs. Accordingly, we made no changes from the *Preliminary Results* and continue to determine that the respondents did not apply for, or receive, benefits during the POR under the programs listed below:

1. Income Tax Preferences for Companies in Special Zones (Decree No. 124/2008/ND-CP)
2. Income Tax Preferences for Exporters
3. Exemption of Import Duties for Foreign-Invested Enterprises (FIE)
4. Exemptions or Reductions of Rent for Encouraged Enterprises
5. Exemption or Reduction of Rent for Exporters
6. Exemption or Reduction of Rent for FIEs
7. Preferential Rent for Enterprises Located in Special Zones

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<sup>6</sup> *See Preliminary Results* PDM at 9-13.

<sup>7</sup> *See* Bridgestone’s Final Calculation Memorandum.

<sup>8</sup> *Id.*

8. Export Promotion Grants
9. Export Credits from the Vietnam Development Bank
10. Interest Rate Support from the Vietnam Development Bank
11. Export Factoring by State-Owned Commercial Banks (SOCB)
12. Guarantees for Export Activities
13. Preferential Lending to Exporters by SOCB
14. Investment Support (Decree 51, Article 30)
15. Natural Rubber for LTAR
16. Land Use Rights for LTAR for Encouraged Industries
17. Exemption of Import Taxes on Imports of Iron and Steel for Tire Production
18. Policy Lending for Industries Supporting Backbone Industries
19. Tax Benefits for New Investments
20. Exemption of Import Duties for Imports into Industrial Zones
21. Other Income Tax Preferences
22. Land Use Tax and Fee Exemptions
23. Preferential Rent for Areas with Difficult Socio-Economic Conditions
24. Preferential Rent for Enterprises Located in Special Zones
25. Import Duty Exemptions on Imports of Raw Materials for Exporting Goods

## VIII. DISCUSSION OF THE ISSUE

### **Comment: Whether Commerce Should Use a Different Denominator for the Currency Exchanges Program**

#### *Petitioner's Case Brief*

- In the *Preliminary Results*, Commerce calculated a “countervailable subsidy rate for the exchanges of currency in 2020 by dividing the benefits obtained by Bridgestone during 2020 by its total sales conducted in {U.S. dollars (USD)}.”<sup>9</sup>
- However, Commerce used an incorrect sales denominator to calculate the subsidy rate for Bridgestone for the currency exchanges program that did not reflect Bridgestone’s total sales conducted in USD.<sup>10</sup>
- This error should be corrected in Commerce’s final results.<sup>11</sup>

No party submitted rebuttal comments.

**Commerce’s Position:** We agree with the petitioner that we made an error in the *Preliminary Results* regarding the calculation of the benefit in the current exchange program. Although we stated that we “calculated a countervailable subsidy rate for the exchanges of currency in 2020 by dividing the benefits obtained by Bridgestone during 2020 by its total sales conducted in USD,”<sup>12</sup> we inadvertently used Bridgestone’s “accounts receivable in US Dollars for exports.”<sup>13</sup>

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<sup>9</sup> See Petitioner’s Case Brief at 2 (citing PDM at 12).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> See *Preliminary Results* PDM at 12.

<sup>13</sup> See Memorandum, “Calculations for the Preliminary Results of Administrative Review,” dated July 17, 2023, at Attachment 2, “Benefit Chart BPI” tab; see also Bridgestone’s Letter, “Supplemental Questionnaire Response,” dated February 28, 2023 (Bridgestone SQR), at 12 and Exhibit S-7



We corrected the error for these final results by using the “total sales value for 2020 and for 2021 on an free on board basis for all sales which were denominated in U.S. dollars” which Bridgestone provided in Exhibit S-8 of its supplemental questionnaire response.<sup>14</sup>

**IX. RECOMMENDATION**

Based on our analysis of the comment received, we recommend adopting the above position and adjusting all related countervailable subsidy rates accordingly. If this position is accepted, we will publish the final results of review in the *Federal Register*.

Agree

Disagree

9/25/2023

X



Signed by: LISA WANG

Lisa W. Wang

Assistant Secretary

for Enforcement and Compliance

<sup>14</sup> See Bridgestone SQR at 12 and Exhibit S-8; see also Bridgestone’s Final Calculation Memorandum.