



U.S. Department
of Transportation

**National Highway
Traffic Safety
Administration**

1200 New Jersey Avenue SE
Washington, DC 20590

Via International Mail and Facsimile

Xu You Ming, Director
Director, Law Auditing Office
Hangzhou Zhongce Rubber Co. Ltd.
1 Haicho Road
Hangzhou, China

JUL 3 2007

NVS-215/jtt
07T-003

Dear Mr. Ming:

The Office of Defects Investigation (ODI) of the National Highway Traffic Safety Administration (NHTSA), U.S. Department of Transportation, received notification from U.S. tire importer Foreign Tire Sales, Inc., (FTS) on June 11, 2007, that certain tires it purchased from Hangzhou Zhongce Rubber Co. Ltd. (HZR) contain a safety-related defect. A copy of this notice is enclosed. FTS alleges that its brand name Westlake, Telluride, Compass, and YKS tires that fall into various light truck (LT) sizes were manufactured by HZR with insufficient belt edge strips or no belt edge strips. According to FTS, this manufacturing defect makes the tires susceptible to belt and/or tread separations. FTS also reported that it has asked HZR for information identifying the range of tires that it purchased that were manufactured with this defect, but that HZR has failed to provide this information. The company further stated that it believes HZR has sold to other U.S. manufacturers, distributors and/or importers LT tires manufactured within the same time frames as the defective tires.

Given the nature of the FTS report, the reported safety defect, and the fact that unanswered questions remain concerning the population of tires containing the reported safety defect, we request certain information from HZR. Under the laws of the United States, NHTSA is authorized to conduct investigations of possible and actual safety-related defects and to obtain information in furtherance of such investigations pursuant to 49 U.S.C. § 30166.

Unless otherwise stated in the text, the following definitions apply to these information requests:

- **Subject Tires:** Any and all tires HZR manufactured for or sold to FTS from calendar year 2000 to current, under the brand names Westlake, Telluride, Compass, or YKS, and sized: LT235/75R-15 CR861 or CR857; LT225/75R-16 CR861; LT235/85R-16 CR860, CR861, or CR857; LT245/75R-16 CR860, CR861, or CR857; LT265/75R-16 CR860, CR861, or CR857; and LT31X10.5-15 CR857 or 861.
- **U.S. Market Comparable Tires:** Any and all tires HZR manufactured for or sold to any U.S. entity or individual other than FTS that are the same size and load range as the subject tires, and that were manufactured from calendar year 2000 to current.



- **Subject Recall:** The safety recall campaign associated with the FTS report and identified as NHTSA Recall No. 07T-003.
- **Reported Defect:** Any one or more of the following: alleged manufacturing defect, failure or malfunction of the subject tires, but not limited to, tread or belt separations, blow outs, and insufficient or no belt edge strips.
- **HZR:** Hangzhou Zhongce Rubber Co. Ltd., any predecessor in interest, and any corporate entity under the corporate umbrella of this entity, and all of their past and present officers and employees, whether assigned to principal offices or any field or other locations; including all divisions, subsidiaries (whether or not incorporated) and affiliated enterprises and all of their headquarters, regional, zone and other offices and their employees; and all agents, contractors, consultants, attorneys and law firms and other persons engaged directly or indirectly (e.g., employee of a consultant) by or under the control of HZR (including all business units and persons previously referred to).
- **Document:** "Document(s)" is used in the broadest sense of the word and shall mean all original written, printed, typed, recorded, or graphic matter whatsoever, however produced or reproduced, of every kind, nature, and description, and all non-identical copies of both sides thereof, including, but not limited to, papers, letters, memoranda, correspondence, communications, electronic mail (e-mail) messages (existing in hard copy and/or in electronic storage), faxes, mailgrams, telegrams, cables, telex messages, notes, annotations, working papers, drafts, minutes, records, audio and video recordings. Any document originally produced in color must be provided in color. Furnish all documents whether verified by HZR or not. If a document is not in the English language, provide both the original document and an English translation of the document.
- **Other Terms:** To the extent that they are used in these information requests, the terms "claim," "fleet," "good will," "make," "model," "model year," "notice," "property damage," "property damage claim," "rollover," and "tire line" whether used in singular or plural form, have the same meaning as found in 49 CFR 579.4.

Please provide numbered responses to the following information requests. When documents are produced, the documents shall be produced in an identified, organized manner that corresponds with the organization of this information request letter (including all individual requests and subparts). When documents are produced and the documents would not, standing alone, be self-explanatory, the production of documents shall be supplemented and accompanied by explanation. **Please also be reminded that where a document responsive to a request is not in the English language, both the original document and an English translation of the document must be produced.**

Please repeat the applicable request verbatim above each response. After HZR's response to each request, identify the source of the information and indicate the last date the information was gathered. To the extent that any request will cause HZR to produce more than fifty (50) pages of documents, HZR must produce those documents as PDF files using Adobe Acrobat software on a CD-ROM or DVD. If HZR's production in response to any request results in fifty (50) or less

documents, HZR may produce those documents either in print copy or on a CD-ROM diskette as described above.

If HZR cannot comply with any of these instructions, please contact the representative identified at the end of this letter as your contact, explain in what way it cannot comply, the reason(s) why it cannot comply, and detail in what way HZR suggests it respond to the information requests.

1. Describe HZR's business relationship with FTS. State when that relationship began and whether or not it is ongoing. Include in this description a listing of HZR's shipments of the **Subject Tires** to FTS from January 1, 2006 to present. For each such shipment, include: the date FTS placed the order; the date HZR fulfilled the order; an identification of the tire lines included; the sizes of the tires included; and the quantity shipped. If it is not ongoing, please state when it terminated.

2. Identify by name, address, and phone number, any and all U.S. companies or individuals for whom HZR manufactured or to whom HZR sold or otherwise distributed **U.S. Market Comparable Tires**. For each such entity or individual identified, identify the tires manufactured or sold by brand or trade name, model or tire line, size, and load range. Then, as to each group of tires identified, state that group's dates of manufacture and the quantities manufactured. Also, for any commercial entities identified, please also provide the name, address, and phone number of any and all individuals with whom HZR communicated or coordinated concerning the manufacturing or sale of those tires.

3. With regard to the **Subject Tires**, and from calendar year 2000 to present, summarize by date all communications between HZR and FTS relating in any way to:

- a. Specifications;
- b. Certifications to U.S. standards;
- c. Test failures; and
- d. Reported field failures, including, but not limited to, tread and/or belt separations or other field tire failures on the tires.

Also, produce copies of any communications summarized.

4. With regard to **U.S. Market Comparable Tires**, and from calendar year 2000 to present, summarize by date all communications between HZR and any U.S. entity, including FTS, relating in any way to:

- a. Specifications;
- b. Certifications to U.S. standards;
- c. Test failures; and
- d. Reported field failures, including, but not limited to, tread and/or belt separations or other field tire failures on the tires.

Also, produce copies of any communications summarized.

5. State, by brand name and/or model name, size, and year of manufacture, the number of subject tires HZR manufactured for or sold to FTS, from calendar year 2000 to the present.

6. Describe all assessments, analyses, tests, test results, studies, surveys, simulations, investigations, inquiries, and/or evaluations (collectively “actions”) that relate to, or may relate to, the reported defect in the **Subject Tires** that have been conducted or are being conducted by or for HZR, or for or by FTS. For each such action, provide the following information:

- a. Action title or identifier;
- b. The actual start date;
- c. The actual end date;
- d. Brief summary of the subject and objective of the action;
- e. Engineering group(s)/supplier(s) responsible for designing and for conducting the action; and
- f. A brief summary of the findings and/or conclusions resulting from the action.

For each action identified, provide copies of all documents related to the action, regardless of whether the documents are in interim, draft, or final form. Organize the documents chronologically by action.

7. Describe all assessments, analyses, tests, test results, studies, surveys, simulations, investigations, inquiries, and/or evaluations (collectively “actions”) that relate, or may relate, to U.S. certification or compliance, durability, performance, or safety, of the **Subject Tires**, and that were not summarized in response to question 6. For each such action, provide the following information:

- a. Action title or identifier;
- b. The actual start date;
- c. The actual end date;
- d. Brief summary of the subject and objective of the action;
- e. Engineering group(s)/supplier(s) responsible for designing and for conducting the action; and
- f. A brief summary of the findings and/or conclusions resulting from the action.

For each action identified, provide copies of all documents related to the action, regardless of whether the documents are in interim, draft, or final form. Organize the documents chronologically by action.

8. Describe all assessments, analyses, tests, test results, studies, surveys, simulations, investigations, inquiries, and/or evaluations (collectively “actions”) that relate, or may relate, to U.S. certification or compliance, durability, performance, or safety, of any **U.S. Market Comparable Tires**. For each such action, provide the following information:

- a. Action title or identifier;
- b. The actual start date;
- c. The actual end date;

- d. Brief summary of the subject and objective of the action;
- e. Engineering group(s)/supplier(s) responsible for designing and for conducting the action; and
- f. A brief summary of the findings and/or conclusions resulting from the action.

For each action identified, provide copies of all documents related to the action, regardless of whether the documents are in interim, draft, or final form. Organize the documents chronologically by action.

9. Describe in detail the tire design, materials, and specifications of each of the subject tires, as initially produced by HZR.

10. Provide a copy of all specifications including, but not limited to, design, material composition, manufacturing, certification, and quality specifications, for the **Subject Tires**. For each such specification identify:

- a. What kind of specification it is (e.g., design, manufacturing, etc.).
- b. Provide its dates of production;
- c. Produce copies of any associated drawings or blue prints; and
- d. Identify by name, address, and phone number) who developed or otherwise required the specification.

11. Identify and describe all modifications or changes made by HZR in the design, material composition, manufacture, quality control, supply, or certification of the **Subject Tires**, from the start of production to date, which relate to, or may relate to, the risk, prevention, or incidence of the reported defect in those tires including any such modifications or changes to the belt edge strips or wedges in those tires. For each such modification or change, provide the following information:

- a. The date or approximate date on which the modification or change was incorporated into production, and when, if ever, it was terminated;
- b. A detailed description of the modification or change;
- c. The reason(s) for the modification or change; and
- d. Any durability or performance testing that was done to demonstrate any change in performance resulting from the modification or change.

12. Describe in detail the tire design, materials, and specifications of each of the U.S. Market Comparable Tires, as initially produced by HZR.

13. Identify and describe all modifications or changes made by HZR in the design, material composition, manufacture, quality control, supply, or certification of any **U.S. Market Comparable Tires**, which relate to, or may relate to, the risk, prevention, or incidence of tread or belt separations in those tires, including any modifications or changes to the belt edge strips or wedges for those tires. For each such modification or change, provide the following information:

- a. The date or approximate date on which the modification or change was incorporated into production;
- b. A detailed description of the modification or change;
- c. The reason(s) for the modification or change; and
- d. Identify, summarize, and produce copies of, any durability or performance testing that was done to demonstrate any change in performance resulting from the modification or change.

14. Separately identify, date, and describe all quality assurance and quality control testing that HZR conducted or that was conducted for HZR and provided to HZR for the **Subject Tires** and **U.S. Market Comparable Tires**. If no such testing was conducted, so state.

13. Identify HZR's resident agent, if any, for service of process within the U.S.

14. Identify any tires your company imported to the U.S. or sold to anyone for importation into or sale within the U.S., **except for FTS**, tires:

- a. Marked or labeled "FTS" on the sidewall of the tire; or
- b. Having the same design and manufacturing specifications as the **Subject Tires**, but not labeled "FTS."

For any such tires, identify by name, address, and phone number the entity or person to whom HZR sold or otherwise distributed those tires.

NHTSA recognizes that HZR is a foreign corporation residing in China. However, NHTSA is responsible for investigating possible safety defects in motor vehicles and motor vehicle equipment used in the United States. In order to fulfill that responsibility, NHTSA will take those actions which it is authorized and finds necessary to take to complete its investigation, or to prevent injury to the U.S. public, including the holding of public hearings and solicitation of written public comment concerning the performance of possibly defective tires, issuance of NHTSA's own determinations of a safety defect in tires sold in the U.S. by manufacturers and importers, and publication of press releases to inform the public of NHTSA findings or safety hazards identified in tires, wherever they were manufactured. Accordingly, we believe it is in the interest of HZR and all persons who use tires in the United States that were or are manufactured by HZR, for HZR to cooperate fully in the providing the requested information.

If HZR cannot respond to any specific request or subpart(s) thereof, please state the reason why it is unable to do so. If on the basis of attorney-client, attorney work product, or other privilege, HZR does not submit one or more requested documents or items of information in response to this information request, HZR must provide a privilege log identifying each document or item withheld, and stating the date, subject or title, name and position of the person(s) from, and the person(s) to whom it was sent, and the name and position of any other recipient (to include all carbon copies or blind carbon copies), the nature of that information or material, and the basis for the claim of privilege and why that privilege applies.

HZR's response to this letter, in duplicate, together with a copy of any confidentiality request, must be submitted to this office by **July 31, 2007**. Please identify conspicuously in your

response that your response relates to Safety Recall No. 07T-003. If HZR finds that it is unable to provide all of the information requested within the time allotted, HZR must request an extension from me no later than five business days before the response due date. If HZR is unable to provide all of the information requested by the original deadline, it must submit a partial response by the original deadline with whatever information HZR then has available, even if an extension has been granted.

If HZR claims that any of the information or documents provided in response to this information request constitute confidential commercial material within the meaning of 5 U.S.C. § 552(b)(4), or are protected from disclosure pursuant to 18 U.S.C. § 1905, HZR must submit supporting information together with the materials that are the subject of the confidentiality request, in accordance with 49 CFR Part 512, to the Office of Chief Counsel (NCC-111), National Highway Traffic Safety Administration, 1200 New Jersey Ave., S.E., Washington, D.C. 20590. HZR is required to submit two copies of the documents containing allegedly confidential information (except only one copy of blueprints) and one copy of the documents from which information claimed to be confidential has been deleted.

If you have any technical questions concerning this matter, please call George Person at 202-366-5210.

Sincerely,



Kathleen C. DeMeter
Director, Office of Defects
Investigation

cc: Mr. Richard Kuskin (via certified mail – return receipt requested)
Foreign Tire Sales, Inc.
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Union, NJ 07083

Michael Kidney, Esq. (via certified mail – return receipt requested and facsimile
[202-637-5910])
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