

Motivation:

An importer, "Company X" (left), sources tires manufactured in various countries (middle), establishing commercial links with different suppliers (right). Khumo Tire Co (pink/right) manufactures tires in China and Korea and sells both products to Company X. Other suppliers (green/right) manufacture tires in a single origin, and they constitute an important share of Company X's purchase. This paper analyses a policy that makes Chinese tires prohibitively expensive and studies the importance of this convoluted network in substituting them with Korean tires (and other origins).

