CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA
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Good morning Chairman Aranoff, Vice Chairman Pearson, and members of the Commission. My name is Tom Conway, and I am an International Vice President of the United Steelworkers union. I thank you for the opportunity to appear before you again.

Part of my responsibility for the union is to serve as chairman of the USW bargaining committee at Goodyear. The contract negotiations with Goodyear in 2006 were the first where I served in this role.

Since at least 2003, Goodyear has been talking to the union about the increasing volumes of low-cost imports from China, and the severe challenge they pose to the company. At the end of 2002, the union got access to senior management and financial data for the company to study options for addressing the difficulties Goodyear was facing – Ron Hoover and Chad Apaliski, who are here with me today, were members of the study team. A key finding of the study was that, "low cost Asian imports in consumer and commercial tires are eroding Goodyear's market share." In 2003, the company launched a new strategy to turn its financial situation around, and it identified low cost imports as one of the threats to its North American operations that required a new approach. In light of the difficulties the company was facing, the union made major sacrifices in the 2003 contract negotiations with Goodyear, including agreeing to lose the 1,300 jobs at our Huntsville, Alabama plant. Goodyear's 2003 Annual Report notes that the closure of Huntsville was part of its strategy "to compete with increasing volumes of tires being imported."

Since that time, the volume of low-priced imports from China has exploded. At interim meetings with Goodyear since 2003, we have had open discussions about imports from China. In presentations to the union, Goodyear specifically identified low-priced Asian imports as a threat to our facilities, and they showed that China's share of these imports was rising steadily.

At the opening of our 2006 contract negotiations, the message could not have been clearer. Then-president of Goodyear North America, Jon Rich, said in his opening statement, "We are under attack as never before by foreign competitors," and he argued that part of the solution was for the union to give up job security, and give up wages and benefits. In particular, Goodyear demanded that the plant in Tyler, Texas had to close due to what they called "intense pressure from low-cost imports." After a very difficult battle, we did make major sacrifices in our 2006 contract. We agreed to a lot of painful restructuring in that agreement. In addition to the closure of Tyler, which Jim Wansley is here to discuss today, we agreed to significant wage and benefit cuts. That contract also established a Voluntary Employee Benefit Association, or VEBA, to fund our retiree healthcare, which Ron Hoover will explain in more detail.

But I want to focus on what our union won in these contracts, not just what we were forced to give up. To help the company survive the onslaught of tires from China, it was not enough to just cut costs. There is simply no way to compete with China on cost alone – their prices are so far below any rational level you would get in a functioning market, that even if we came to work for free we couldn't compete on the basis of cost.

Instead of just chasing China on costs, the union believes we also need an aggressive strategy of investing and upgrading our plants for the future. At the USW, we recognize that contract commitments on wages, benefits, and job security are only meaningful if our plants are able to survive and thrive over the long term. When we sit down to the negotiating table, we know that preserving hard-fought gains for our members – much less making new gains – will be virtually impossible if our industry is bleeding and has no clear path forward towards recovery.

That's why, as a matter of principle, we work with our employers to secure enforceable commitments regarding future investments in our plants. This is a standard part of the bargaining toolkit we've used in our tire negotiations since 2003. We question our employers on their capital expenditure plans and their vision for ensuring our plants remain ahead of the curve. We seek specific and detailed contract commitments that require the companies to invest in America and to upgrade our facilities. More information on these commitments is available in the certified statement I submitted as part of our pre-hearing brief. The capital expenditure commitments in our contracts are binding provisions. We regularly monitor the company's compliance through periodic meetings and ensure the company is on target to meet its commitments.

Our union has made painful sacrifices to keep our companies afloat in a sea of cheap imports from China. We have also worked hand-in-hand with our companies to ensure they keep investing in our facilities so we can stay on the cutting edge of technology and innovation. But the tide is rising, and it threatens to overwhelm all of the hard work we've put into this industry. We're here today to ask the Commission to give us enough breathing room that we can start to build on that hard work and create a stronger and more resilient industry for the future.

I look forward to any questions you may have. Thank you.