

**CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA
INV. NO. 421-7**

**PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

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TESTIMONY OF RON HOOVER

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UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY,
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Chairman Aranoff, Vice Chairman Pearson, members of the Commission, thank you for giving me the opportunity to be here with you this morning. My name is Ron Hoover, and I am the Executive Vice President for the Rubber and Plastics Industry Conference of the United Steelworkers union. I have more than forty years of experience in the tire industry, starting when I went to work at Goodyear's plant in Topeka, Kansas and joined the United Rubber Workers union. I have been involved in numerous contract negotiations with our tire companies since that time, both for the Rubber Workers and then for the USW after our unions merged in 1995.

As Tom mentioned, I want to address one important aspect of our tire company contracts – our Voluntary Employee Benefits Associations, or VEBAs. I believe the Commission is familiar with these arrangements already, as they are also a common feature of our contracts in the steel industry. The VEBAs provide healthcare and other important benefits to our tire industry retirees and their families. More than 35,000 retired tire workers, together with their spouses and their children, depend on these VEBAs to cover their medical bills, pay for their prescriptions, and provide other essential benefits.

While the companies make a fixed contribution to the VEBAs under the terms of our contracts, these contributions alone are not sufficient to keep the trusts viable. So the union has made its own sacrifices to help keep the plans afloat. First, our retirees have borne an increase in the premiums they must pay in order to relieve the VEBAs of some of their payout obligations. Second, in a number of cases, we have agreed to defer payments owed to active employees in order to maintain funding of the VEBAs. For example, workers have given up part of the hourly cost-of-living adjustment they would receive in their wages to support the trusts. In addition, in those cases where our active employees are entitled to benefit from profit-sharing arrangements in our contracts, those benefits have also been deferred to shore up the retiree healthcare funding.

These are painful concessions for our active members, but they do it out of solidarity with their retired brothers and sisters and out of the recognition that they too depend on a stable VEBA for their own future retiree benefits.

The difficult restructuring and deferrals we have agreed to are necessary to keep sufficient funds flowing into the VEBAs, and thus to guarantee our retirees access to the healthcare benefits their companies promised them. But these commitments will only be effective if our companies can sustain and grow their place in the market and do so at a reasonable profit.

When our companies can't profitably compete because the market is flooded by low-priced imports, there are at least two things that happen. First, profits shrink, or even disappear. Second, in a scramble to cut those losses, companies cut back production hours and start to eliminate jobs, if not entire facilities. Both results directly impact our VEBAs.

First, any VEBA contributions generated through profit-sharing are obviously only meaningful if there are profits to share. When those profits shrink, or when companies operate at a loss, our profit-sharing contributions to the VEBAs take a hit as well.

Second, the cost of living adjustment we contribute to the VEBAs is keyed to the number of active members we have that are working the hours needed to earn those hourly COLAs. Every time hours are rolled back, workers are laid off, or a plant is shut down, our base for calculating the COLA contribution shrinks. Thus, it is not only the active workers who bear the brunt of the loss of hours, layoff, or plant closure – our retirees also suffer, as they lose part of the funding stream that is essential to maintaining their benefits.

Our union has fought long and hard to protect our members' right to a decent and dignified retirement after a lifetime of hard work. When we originally negotiated retiree healthcare benefits, it represented a cost to the employers that reduced our economic package somewhere else. When the companies were in such dire financial straits that they couldn't meet these obligation, we again stepped up to the plate, this time to make our own contributions. Active workers have sacrificed benefits they are entitled to today in order to make good on these commitments to our retired workers and in order to invest in their own retirement benefits for the future. But the ability to deliver on these commitments is at risk if the influx of imports from China is not stemmed. If our companies are not able to get relief, and not able to invest and retool to regain market share and resume profitability, our ability to continue supporting our retirees and their families will be in grave danger. I ask the Commission to help us avoid this tragic result by recommending meaningful relief for our industry.

Thank you.