

Testimony of Jim Keating, Bridgestone Americas Tire Operations, LLC

before U.S. International Trade Commission

Inv. No. 332-512, 2009 GSP Review

February 16, 2010

Good morning, Members of the Commission and ITC Staff. My name is Jim Keating, and I am the Manager of Customs Compliance for Bridgestone Americas Tire Operations, LLC, based in Nashville, Tennessee. Accompanying me today is my colleague Steven Akey, Bridgestone Americas' Vice President for Government Affairs. On behalf of Bridgestone Americas, I would like to thank the Commission for granting us time today to address our petition for a waiver of the competitive need limit on passenger car radial tires imported from Thailand.

I want to note at the outset that Bridgestone Americas is among the smaller importers of passenger car radial tires – which the industry refers to as “PSRs” – from Thailand. However, Bridgestone Americas operates two major PSR production facilities in the U.S. with a combined capacity of 50,000 units per day, which represents about 10 percent of total U.S. PSR capacity. Our two domestic production facilities are – and are expected to remain – our primary supply source for the U.S. PSR market. Further, these two plants are operating – and are expected to keep operating – at a high level of capacity utilization. There are many reasons for Bridgestone Americas to continue to rely heavily on U.S. production to serve the U.S. PSR market, including proximity to our customers, absence of international freight and importation costs, and reduction of exchange rate risk. But given the size of the U.S. PSR market, like other major domestic tire producers, Bridgestone Americas supplements our substantial domestic production with imports from a variety of sources – including, in our case, from an affiliated producer in Thailand.

Based on our position in the industry, I believe that Bridgestone Americas is well-situated to comment on the question before the Commission today – whether a waiver of the competitive need limit on Thai-made PSRs would have an adverse impact on the U.S. industry. In this case, the answer is clear: there would be no impact at all, much less an adverse impact.

Why is this so? Because Thai-origin imports constitute, and are likely to continue to make up, a very small percentage of total U.S. imports and an even smaller percentage of total U.S. consumption. Official U.S. import data for all of 2009 are now available, and they show Thailand far down the list of supplier countries. In fact, the Thai-origin imports for the full year represented only 3.5 percent of the value of all imports. When viewed as a percentage of the total U.S. market, the Thai imports make a barely discernible contribution, filling 1.6 percent of U.S. demand.

The very limited impact of the Thai imports on the U.S. market is confirmed by their entered values. Again, official U.S. import data tell a compelling story. The average unit value of the Thai-origin imports during 2009 was \$44.40. For Chinese-origin imports, in contrast, the AUV was only \$30.90. In fact, following the imposition of the safeguard tariff in September 2009, the monthly AUVs for Chinese imports declined to well below \$30, hitting an all-time low in December of \$26.86. Thai PSR imports are clearly not leading the market in price. Combining this fact with the almost negligible volume of Thai imports, it is not plausible to conclude that granting the requested CNL waiver – that is, continuing the status quo – would adversely impact the U.S. industry. But the revocation of GSP benefits for Thai-origin PSRs would adversely impact Bridgestone Americas and our affiliated Thai supplier, and would, as we explained in our pre-hearing brief to the Commission, negatively affect the continuing competitiveness of our U.S. production.

I will also briefly comment, because I believe it is relevant to an analysis of the likely impact of a CNL waiver, on forecasts for the U.S. market. Because the CNL waiver, if granted, would take effect in mid-2010, it is useful to consider where the U.S. PSR market is headed as it finds its way out of the recession and the sharp demand drop-off of 2009. According to the U.S. Rubber Manufacturers Association, total U.S. demand will grow from 200.2 million units in 2009, to 212.9 million units in 2010, and to 223.8 million units in 2011. Comparing those total volumes to the less than 3.5 million units that were imported from Thailand in 2009 makes it apparent that granting the CNL waiver would have no discernible impact on the U.S. industry. Indeed, with the growth expected in the U.S. PSR market in the years ahead, the Thai imports could also increase, and still, their impact would barely be felt.

Thank you for your time and the opportunity to appear before you today. I'd be pleased to answer any questions.