

TESTIMONY OF SENATOR SHERROD BROWN

**BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION
CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM THE
PEOPLE'S REPUBLIC OF CHINA**

INVESTIGATION NO. TA-421-7

JUNE 2, 2009

Madame Chairman, Members of the Commission, I appear before you today in support of the workers in my state and around the country whose jobs have been lost or are on the line due to a surge in imports of passenger and light truck tires made in China.

I commend the United Steelworkers for filing this petition. In the petition before you, the USW is taking a stand not only for its 850,000 active members, but for the future of all of American manufacturing. Americans have the skill, creativity, and work ethic to compete successfully in the global marketplace. All they ask is that our government fully enforces the rules agreed to by trading nations.

An affirmative decision by the Commission, followed by relief by the President, would signal that our government intends to enforce these rules to curb and dissuade anti-competitive practices. And that is critical – not only to the future of American manufacturing, but to America's economic outlook as our nation competes in the global arena.

American manufacturing is struggling with the negative effects of unfair trade practices. More than 40,000 factories have closed in the last decade. We have lost more than 4 million manufacturing jobs since 2000. The Economic Policy Institute found that 2.3 million of these jobs are linked to the U.S. trade deficit with China.

American workers must rely on their government to enforce fair trade practices. I am hopeful you will find the facts in this petition solid, that you are convinced that a surge has occurred and caused injury, and that you will recommend import relief to President Obama.

I am grateful that President Obama has vowed to enforce trade rules more vigorously than his predecessor. In fact, President George W. Bush never granted relief under the Section 421 statute, despite the fact that the data warranted relief in at least four separate cases. In at least two of these cases – one for wire hangers and one for iron waterworks – the domestic industry no longer exists. The case before you today presents a tremendous opportunity to show the world that the United States is headed in a new direction on trade and ready to embrace policies that better serve American workers and American businesses.

You will recall that I have testified before you on previous occasions. For example, last year I backed the United Steelworkers in arguing in favor of applying anti-dumping and countervailing duties on light weight thermal paper from Germany and China. I applauded your positive determination in that case.

Less than a year ago, I asked you to determine that certain off-the-road tires from China were subsidized and dumped on the American market threatening that segment of the domestic tire industry. Once again, I was pleased you recognized the compelling facts in that case.

I am confident you will find the facts of the petition before you today just as compelling. The data makes clear that American workers are getting crushed by a surge in imports from passenger car and light truck tires from China. Imports of these products more than doubled in volume and nearly tripled in dollar value from 2004 to the end of last year, the period covered in the petition. During this time, domestic production

declined. Manufacturers could not sell their high-quality products and orders dropped. In many cases there was no choice but to slow or even halt production.

I am here today on behalf of the workers at the Denman Tire Company, located in Leavittsburg, Ohio. This plant has been in operation for 90 years and produces a variety of tires. About half of its 2,600 units-per-day capacity is dedicated to the passenger and light truck tires that are the subject of this investigation. The facility employs 270 men and women in good paying, skilled jobs.

I am also here today for workers at the Cooper Tire and Rubber facility in Findlay, Ohio. There, over 1,100 workers produce over 22,000 units per day. The Cooper facility has also been in operation for 90 years.

Leavittsburg and Findlay are typical of towns in my state. The people there are proud to be part of America's industrial heritage and determined to give their children economic opportunities. We must give them that chance. We must give the companies they work for the chance to survive.

In the past four years, as imports of Chinese tires began to increase dramatically, as many as 6,000 American tire jobs have been eliminated.

The situation facing manufacturers of these tires is why Congress added Section 421 to the Trade Act when it granted Permanent Normal Trade Relations (PNTR) status to China. China's WTO accession package included a China-specific safeguard, which allows WTO members to place limits on imports from China that cause or threaten to cause market disruption to their domestic industries. The safeguard applies to all industrial and agricultural goods and is available until December 11, 2013.

It is reasonable for workers to expect that this remedy will be put to use when the situation merits, as I believe they do in this case.

This Section 421 petition does not seek to prove that there have been unfair Chinese trade practices, because that is not the trigger for Section 421 remedies. Consistent with the requirements of Section 421, this petition simply provides the data needed to prove that a surge occurred and workers have been injured.

Madame Chairman and Members of the Commission, we are in the midst of a recession, the likes of which we have not seen for generations. These are the times when we must act to preserve jobs. These are the times when we must give companies a chance to stay in business and upgrade equipment so they will be there in the long run.

I am struck by the chorus of voices from editorial boards and from the conventional wisdom think tanks that warn against creeping protectionism. They contend any check on trade flows will exacerbate the economic downturn – even WTO-consistent enforcement actions that are meant to prevent American industries from being undercut and the U.S. deficit from ballooning even higher.

They are confusing protectionism with pragmatism.

Utilizing trade remedies under limited circumstances, as provided for under international trade rules, is not protectionism. Enforcement of trade remedy laws consistent with WTO rules is not protectionism.

As you know, trade remedies typically affect about one percent of trade in a given year. Use of the trade remedy laws actually help build support in America for expanded trade by reminding people that penalties exist for nations that violate global trading rules.

Most Americans recognize that trade plays an important role in creating opportunities for economic growth. American workers and businesses have an entrepreneurial spirit, and can compete with anyone. They also need to look to new markets to sustain economic growth. However, the public consensus on trade's potential benefits – and therefore trade itself – is threatened if we ignore the fairness that is

supposed to be codified in U.S. trade law and in global trade rules. Among these rules is the Section 421 safeguard.

I am sure you will bring that same skill and integrity to this investigation that you have brought to other investigations I have monitored. I know the workers in Leavittsburg and Findlay are not looking for special treatment or a perpetual shield from all competition. They are only looking to decision makers in Washington, including the President, to apply the laws on the books in the manner intended. They are only looking for the chance to weather the current abnormal flood of imports of these tires from China so that domestic production can thrive in the years ahead.

As you have in previous matters, I know you will give the facts of this case your thorough and precise analysis. Once you do, I am confident you will recommend the relief requested to the President and that he, in turn, will follow that recommendation.

Thank you for considering my views on how important an affirmative decision in this case is to our economic health and to our long-term trade policy.