

ROSS W. KOGEL, JR.,

PRESIDENT, TIRE WHOLESALERS COMPANY, INC.

Good afternoon Chairman Aranoff and members of the Commission. My name is Ross W. Kogel, Jr., and I am the President of Tire Wholesalers Company, Inc. We are a family owned wholesale tire distribution business with four locations in the State of Michigan. We were founded in 1970 and have 70 Michigan-based employees. We sell tire brands such as Cooper, Pirelli, Continental, General, and GT Radial to 3,255 independent businesses in Michigan, Ohio, and Indiana.

I speak to hundreds of independent tire dealers every month, and I have firsthand “grassroots” experience in where the tire market is moving and where it has been recently.

The quotas proposed on Chinese imports would have a significant effect on the market, and I want to point out the impact this would have on our Michigan-based business and its customers.

While our business sells many different brands of tires at many price levels, we do a lot of business in the “Tier 3” replacement tire market. As a result, I have a stake in both sides of this argument. Indeed, our largest supplier is the U.S.-based Cooper Tire and Rubber Company, and our second largest is GiTi Tire.

For my Michigan-based business, the move to limit Chinese tires would be damaging to our business, our customers’ businesses, and consumers in Michigan.

People in Michigan have seen very hard times recently. The fact is that when they have to – or should – replace their tires, Michigan consumers typically look for the Tier 3 economy/value tires.

Because U.S. replacement tire production is focusing on higher-end tires for the more well-off consumer base, I do not believe that quotas or tariffs on tires from China will create jobs in the tire industry. Such actions will only hurt jobs in my business and many of my customers' businesses, and take away choices for the most cost-conscious customers.

Most importantly, I believe there is a misconception that if the number of Chinese tires imported into the U.S. are limited, those sales would be replaced by U.S.-made tires, therefore saving jobs. You can't replace Chinese-made Tier 3 tires with U.S.-made Tier 1 or Tier 2 tires. That's like saying import restrictions on the Kia Sorento would lead Americans to buy Cadillac Escalades. Some folks just want Tier 3 tires.

In our Michigan-based business, limiting the number of Chinese tires available to our business would cause a switch from importing Tier 3 Chinese tires to importing Tier 3 South Korean manufactured tires, not U.S.-made tires. From what I have seen in my business, tires produced in the United States are simply not competitive in the Tier 3 market. Limiting Chinese-made tire imports will not result in an increase in sales for U.S.-made tires.

I appreciate the opportunity to appear before you and I look forward to answering any of your questions. Thank you very much.