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TESTIMONY OF THE HONORABLE TOM COLE (OK-4th)
BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION
CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA
INVESTIGATION NO. TA-421-7
JUNE 2, 2009

Thank you for the opportunity to come before you to express my support for the Section 421 petition on passenger car and light truck tires that have been flooding the U.S. market over the last five years. I appear before you today on behalf of 4,200 workers in my state whose jobs could well depend on your determination in this investigation. I believe Section 421 must finally be enforced in the way Congress intended.

It is no secret that I believe in free trade. Open markets and the growth in trade has served our country well and will continue to do so in the future. The United States has always been one of the most open markets in the world. Competition has helped spur the innovation and creativity that has kept America on the cutting edge.

One in three acres of American farm land is planted for export. One out of every five manufacturing jobs is dependent on exports and jobs linked to exports pay an estimated 13% to 18% more than other jobs.

I want to keep trade flowing in both directions and contributing to new choices for American consumers and new opportunities for American manufacturers, farmers and ranchers. To do that we must be smart about the way in which we conduct trade.

That means entering into new free trade agreements. I voted in favor of agreements with Peru, Singapore, Australia, Central American countries, and Chile since I was elected to Congress. These agreements helped to level the playing field for Oklahoma businesses, farmers, and ranchers by making these markets as open to our goods and services as the United States is to the products and services of these countries.

Being smart about trade also means leveling the playing field by enforcing the rules that our trading partners have agreed to. One of those rules is the Section 421 safeguard Congress adopted as an enforcement mechanism when it approved the extension of Permanent Normal Trade Relations to China in 2000. That was not an easy vote for a lot of Members of Congress. While they saw the benefits of China becoming part of the World Trade Organization and being held accountable to its rules, they also recognized that China was a special case.

China's size, its government's role in directing the economy with subsidies and other measures, and its staggering rate of growth as a manufacturing nation made it likely there would be surges of various products. These surges could quickly overwhelm corresponding domestic industries and destroy in a few years the jobs that sustained communities for generations. The only way many Members of Congress could vote for PNTR for China was to have a safeguard against such surges that could be proved to be injurious. The Chinese government understood the concerns Members of Congress had about the vote and China agreed to abide by the terms of these safeguard provisions now contained, but never enforced, in Section 421.

Now, let me illustrate why timely application of Section 421 is so important in the matter before you. As is well detailed in the petition, from 2004 to 2008, there was a rapid increase in passenger vehicle and light truck tires from China. Imports surged by 215 percent in terms of volume and by nearly 300 percent in terms of dollar value. That had a huge impact on domestic producers. Suddenly, the high-quality, competitively-priced tires made in U.S. factories went unsold. This made it impossible to keep factories going. In the five-year period covered in the petition, four factories shut their doors,

including the Bridgestone/Firestone plant in Oklahoma City. That closure cost 1,454 workers their jobs. Two additional facilities are now slated to close and many more imperiled if the surge is allowed to continue.

In my state, there is a Goodyear facility in Lawton, which makes tires for passenger cars. Perhaps the cars you drove to work today have tires made there. Some tire production facilities make a variety of products but at Lawton all they make is the kind of tires that are the subject of this 421 investigation. This means that facility could be especially vulnerable to new spikes in the volume of Chinese imports. There are 2,400 men and women who work there. I am here today because I do not want to see them lose their jobs because of our failure to enforce our trade laws.

In Ardmore, Oklahoma a Michelin factory makes the passenger and light truck tires – again the very kinds of tires that are the subject of this investigation. There are 1,800 workers at that facility. The plant managed to survive being hit by a tornado in 1995. Because public safety responses worked and people were warned, no one at the factory was seriously hurt. I do not want to see it closed and workers injured because it was hit by an import surge that we had the power to turn back but failed to do so.

The bottom line is that the recent surge of Chinese-made imports has cost over 1,400 Oklahomans their jobs. If we do not at long last implement the remedy the law provides, another 4,200 could lose their jobs. During a deep recession, I think it both unfair and reckless to sit back and watch people lose their jobs when there are legitimate ways to prevent that.

Section 421 was devised for the kinds of unique distortions in global trade we knew would be possible when China entered the WTO. I believe the consumer tire crisis is a text book case for why we need this particular trade remedy. If we apply this safeguard, we can give these facilities a chance to weather the disruption caused by this abnormal glut of imports and stay in business. Communities like Lawton and Ardmore deserve the chance to compete on a level playing field. I am asking you to apply this

safeguard to restore the level field and if you do so, I urge that the President follow through by applying the relief recommended in the petition.

As I said at the beginning of my testimony, I have always supported free trade. I believe the future of American workers depends on gaining access to new markets – and that includes China. In fact, China is among the growing markets Oklahomans are looking to for new opportunities. China is the United States' fourth largest export market. It is Oklahoma's seventh-largest export market. Working with our state government, which operates an international trade office there, well over one hundred Oklahoma companies are conducting business in China. I look forward to a strong and growing trade relationship between Oklahoma business and China. But if injurious import surges are occurring from there we must use the tools to which our two countries have agreed upon to make sure that relationship operates in a fair and more balanced manner.

We need to make sure we sustain and grow our manufacturing base so hardworking people and competitive companies can make the products that will go to these growing markets. If we allow our industrial base to crumble because we fail to use the tools we have to preserve it that would be a tremendous failure.

For the sake of the 4,200 workers in Oklahoma and the country's manufacturing heritage let us not make that mistake.

Thank you.