

TESTIMONY OF
THE HONORABLE CAROLYN CHEEKS KILPATRICK (MI-13TH)

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

REGARDING

CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM THE
PEOPLE'S REPUBLIC OF CHINA

INVESTIGATION NO. TA-421-7

JUNE 2, 2009

Giving thanks to God, who is the master of my life, I appreciate this opportunity to testify today and to express my support for the Petition of the United Steelworkers Union, specifically Section 421, filed regarding passenger vehicle and light truck tires imported from China. I commend the union for fighting for all American workers by using the China safeguard law in an effort to convince you—and ultimately the President—to halt the damage to American businesses and jobs that began in 2004 and continues to this day. It is my hope that at long last Section 421 will be enforced as the Congress intended.

I urge the Commission to rule in favor of the workers, who have correctly exercised their right to file this petition, and to recommend to President Barack Obama the quota requested by the union that would return Chinese imports to their 2005 levels. If such relief becomes a reality, this Commission will save the jobs of thousands of workers and give the tire industry, one of our key manufacturing industries, the opportunity to get back on its feet.

Madame Chairwoman and august Members of the Commission, this petition, in my view, is part of a larger effort to preserve American manufacturing. When it comes to trade policy, past Administrations have centered on more trade agreements rather than vigorous trade enforcement. As a prime example, President George W. Bush summarily rejected the Commission's recommended relief in four Section 421 cases – all of which involved steel products. One question before us today is this – are American workers affected in those petitions better off today than they would have been had the relief this Commission recommended been adopted? The answer, unequivocally, is no. We have another chance, thanks to the Steelworkers Union. Here is another opportunity to finally get it right. This time it is the tire workers who need this law enforced.

How do we know that the lack of enforcement of this section has harmed American tire workers? What information has already been made public? Since 2004, the import of Chinese tires has surged by nearly 300 percent in dollar terms and over 200 percent by volume. During those five years, U.S. production, not by coincidence, declined 25 percent. Four tire plants have closed in the states of Kentucky, North Carolina, Oklahoma and Texas, and two more are scheduled to close in Georgia and Alabama later this year. Nearly 4,500 workers – American workers – have already lost their jobs. These Chinese tires, not surprisingly, are stripping away chunks of our share of our own market.

What have the Chinese done since this investigation began in April? They used a meeting with the Commission unrelated to this investigation to shift their focus to an improper attack on the petition. While the Chinese are well versed with your rules and regulations that pertain to this ongoing investigation, this Commission handled it properly, and I commend the way you responded.

Where has our trade policy gotten us? Families and communities have been torn apart as their jobs disappear from American soil to show up in another country where workers get paid just a few dollars a day. Michigan, and my Congressional District, has been particularly hard hit. America has lost its previous dominance in textiles, furniture, shoes, steel, electronics, and now tires. The list goes on and on. Since 2001 alone,

America has lost some four million manufacturing jobs, and our trade deficit is quickly approaching a half trillion dollars a year. In my state of Michigan, 300,000 jobs have been lost.

I strongly believe that we need to shift our trade priorities and recommit ourselves to the hardworking men and women of America. This independent Commission's thoughtful application of trade remedies in a timely manner is now often all that stands in the way of the further dismantling of American manufacturing.

Your consideration of the overwhelming evidence in this investigation and a proper application of import relief will have a major impact not only on the consumer tire industry but also on the entire automotive industry and all of American manufacturing. I stand with the 15,000 workers in the American consumer tire industry. If this sector is lost to foreign imports, it will be a severe blow to what remains of the domestic auto industry. To abandon the domestic tire industry at the very moment the Administration and Congress have been working to preserve the U.S. automotive industry would be a huge mistake.

The automotive industry, which is based in the 13th Congressional District of Michigan, is the foundation of much of the manufacturing activity in the United States. One in every ten jobs in the United States is linked to it, from parts, fabric, electronic components, and, of course, tires. Together, more than thirteen million jobs directly or indirectly rely on the automotive industry. This industry has helped build America's middle class by creating well-paying and skilled jobs. This industry has expanded our freedom and mobility and literally brought us closer together. This industry has contributed to our national security with the jeeps of World War II to the specialized armored vehicles in service today in Iraq and Afghanistan. The technologies in navigational systems, anti-lock braking, and science that go into our cars and other vehicles have broad applications and can and should lead to new products and new jobs. We cannot let this industry slip away.

Yet I am afraid we have been allowing that to happen through our misguided trade policy. I testified on this very subject two years ago before the U.S.-China Economic and Security Review Commission. In its evaluation, that Commission determined the following: "...the many subsidies provided by the Chinese government to the auto industry will quickly distort the nature of the market. This will be true especially in the United States, where markets are most open. The Chinese challenge to the U.S. auto industry is a significant assault on American manufacturing, and that assault is increasing in magnitude and in pace."

Just last month, I participated at an event sponsored by the Alliance for American Manufacturing alongside the President of the United Steelworker union, Leo Gerard. The subject was "The Future of the Auto and Auto Parts Sector." All those who spoke were clear that this is not just a Big Three or a Michigan problem. It is a problem for every community across our country. Auto parts suppliers drive economic growth in states all over the country. Virtually every vehicle that is the subject of this investigation has five tires that should be produced in the United States. I will continue to speak out at every opportunity that presents itself. That is why I am here today.

Section 421 was adopted in 2000 when Congress voted to bring China into the World Trade Organization (WTO). Congress had the foresight to anticipate that problems such as those that the petitioners are confronted with in this sector would occur. Section 421 was created not to give our industries a special advantage but to prevent the very thing that has now happened in at least five separate sectors of our manufacturing industry. The Chinese agreed to abide by the terms of Section 421. They understood why it was put in place. It was the price they paid for Permanent Normal Trade Relations and entry to the WTO. It will be a disgrace if it is never properly enforced.

I am confident you will do your part as you have done before. I believe the facts with regard to passenger vehicle and light truck tires are as strong as any previous Section 421 petition that the Commission has acted on favorably. For the sake of the thousands of

workers in the domestic tire industry, I urge your favorable consideration once again. If you do that, I have faith that President Obama will do the same.

Thank you for your attention to my testimony. I am delighted but not surprised that a significant number of my colleagues in both the House and the Senate are similarly participating today.