

Stan Johnson

**CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA
INV. NOS. 701-TA-522 AND 731-TA-1258 (FINAL)**

**PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

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**STATEMENT OF STAN JOHNSON
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Good morning. My name is Stan Johnson, and I am the International Secretary-Treasurer of the United Steelworkers union. I also chair the Rubber and Plastics Industry Conference of the USW.

I have extensive experience in the tire industry. I worked at Armstrong's passenger car and light truck tire plant in Madison, Tennessee, for more than 20 years. I left the plant to join the USW after the Rubber Workers merged with the USW in 1996. As part of my responsibilities, I have been involved in major bargaining with the tire companies that employ USW members both in 2009 and in the most recent rounds of bargaining.

The USW filed these petitions on tires from China for one simple reason: to fight for our industry. When we fought for our industry in 2009, the safeguard duties we obtained made all the difference. When we brought that case, China had more than tripled its exports of passenger and light truck tires to the U.S. from 2004 to 2008, leading to job losses, factory closures, and a struggling domestic industry. Indeed, the harm was so serious that three additional plants were slated for closure before 421 relief and all closed by the end of 2011. When this Commission recommended relief and the President acted to impose safeguard duties, the turnaround was

remarkable. Imports from China dropped from a peak of 46 million tires in 2008 to just 30 million in 2010, dropped again in 2011, and stayed below 32 million in 2012. The bleeding in the domestic industry had stopped. Workers were called back, investments were made, production increased, and market share was being regained. In short, the tariffs have worked.

Before the safeguard duties expired, importers were so eager to re-flood the U.S. market with Chinese tires that some of them set up their own warehouses as free trade zones so they wouldn't have to wait for tires to enter the port. As one publication explained, key players were planning to resume shipments of Chinese tires "at 12:01 of the 27th" of September, the day after the duties expired.

The impact was dramatic. From 2012 to 2014, U.S. imports of tires from China jumped by more than 84 percent. At the same time, average unit values for the most popular tire sizes began to plummet.

The resurgence of Chinese tires has come at the direct expense of U.S. producers, who lost shipments, production, and market share even as demand was growing. Indeed, the annual loss of market share was nearly as great from a much smaller base in the 2011-2014 period as it had been in the pre-safeguard period. For our members, the nightmare was recurring with as much horror as we experienced from 2004 to 2008. As the USW local presidents with me today will attest, this led to reduced production, lost hours, lower staffing levels, and layoffs at the tire plants that we represent. The unused capacity at the nine USW plants alone would have permitted enough additional production during the period of investigation to supply a substantial portion of the market share lost to rising Chinese imports.

It is Chinese imports that are the cause of this injury. I understand that some who oppose relief argue that Chinese tires cannot be hurting the domestic industry because management has

not taken a public position on our case. Their theory is that management wanted to lose their share of a growing market as part of some corporate strategy, and therefore they could not have been pushed out or injured by Chinese tires.

These arguments are just wrong. First, if the mere fact that management does not show up when workers bring a case is enough to preclude an affirmative determination, then the equal treatment our trade laws give to management and labor will mean nothing. This is our industry just as much as management's industry. The USW represents workers at nine plants around the country that account for 40 percent of the industry's capacity. We are the ones who build tires in this country, and we are the ones whose jobs and livelihoods are on the line. While the Commission sends questionnaires to the companies and does not request input from the workers in the companies separately, under the law, we have standing to bring cases.

Indeed, I understand that the Commission received subpoena power from Congress back in 1958 exactly because Congress understood that there could be situations where management's focus was on non-U.S. interests and that subpoena power would permit the Commission to gather the information it needs to determine the facts when the workers come forward seeking relief. This case is exactly that type of situation. As you know, eight of the nine U.S. producers are heavily invested in China. Whether for concerns about products they may import, concerns about relations with China (including possible concerns over retaliation), or other reasons, management did not request the opportunity to present testimony. But they all sent questionnaire responses and the workers are here to explain just how vital the relief is in these cases.

Moreover, the claims that competition with Chinese tires is attenuated, and that employers in fact have no concerns about Chinese imports are ludicrous. We regularly discuss market conditions and corporate strategy with management, including through interim meetings

between bargaining sessions. The issue of Chinese imports and our ability to compete with those imports is a constant topic of discussion. It comes up in almost every meeting that we have. The persistent pressure on us to be more efficient and cost-effective is a direct result of this competition. As every one of our local union presidents will testify, production in our plants directly responds to the presence or absence of Chinese imports in the market. Our members, our employers, and our plants feel the direct results of competition with China every single day. Any claims to the contrary are just not based on the reality in which we live.

The importance of these cases for our industry has come into sharp relief over the past six to seven months. The massive subsidies and dumping that characterize imports from China has drastically skewed the market. Relief under the law is helping to restore the level playing field that every Administration and Congress in recent memory has promised working men and women. As our local presidents will testify, since preliminary relief was imposed, our companies have launched new tire lines, ramped up production, added hours and shifts, canceled planned shutdowns, hired new workers, and made investments in new and improved equipment. The plants represented here today are not alone – the story is the same at all of the plants the USW represents. Management’s decisions to increase production and expand their presence in the market since preliminary relief was imposed belies any claim that they don’t see the value in these cases or that U.S. producers are not adversely affected by dumped and subsidized imports from China.

I am proud of our union for taking the lead to fight for our industry. We cannot sit idly by as our industry once again loses market share, production, and jobs to unfairly traded Chinese imports. The law gives us the right to seek relief. And the record in these cases strongly supports providing that relief. When market distortions are corrected, our industry can regain the

market share that unfairly traded imports have stolen. The benefits of relief are very real for our members, their families, and the communities in which they live. That is why the union filed these petitions, and it is why we are here today to ask for an affirmative vote.

Thank you.