

**TRUCK AND BUS TIRES FROM CHINA
INV. NOS. 701-TA-556 AND 731-TA-1311 (PRELIMINARY)**

**PUBLIC STAFF CONFERENCE BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION**

FEBRUARY 19, 2016

**STATEMENT OF THOMAS O'SHEI
PRESIDENT, USW LOCAL 135
SUMITOMO PLANT IN BUFFALO, NEW YORK**

Good morning. My name is Thomas O'Shei. I am the President of USW Local 135.

Our local represents workers at the Sumitomo tire plant in Buffalo, New York.

I was hired at the plant in 1990 as a curing press operator in the truck department. I have also built passenger vehicle tires at the plant, and for the last 19 years I have been building medium radial truck tires. In addition to truck and bus tires, our plant also produces passenger vehicle, light truck, and motorcycle tires. Our truck and bus tire operations are separate from our passenger vehicle and light truck operations. Passenger vehicle and light truck tires are built on dedicated lines with their own equipment and employees, and truck and bus tires are built on their own lines on separate equipment and with different employees. Our members do not frequently switch from producing one kind of tire to the other – when I switched from building passenger car tires to building truck tires, for example, I had to go through significant additional training to operate our truck tire building machines. Our motorcycle tire production is also completely separate from the rest of our tire production.

Our plant makes truck and bus tires principally for the replacement market, though we also make some tires for original equipment manufacturers. We make Goodyear branded tires as well as a lot of Kelly tires. We make tires for all positions, including steer, drive, and trailer.

Our plant has been hard-hit by the rising tide of truck and bus tires from China. Our production of truck and bus tires peaked at 2,300 a day in 2014. In 2015, it fell nearly ten percent to 2,100 tires a day. Our production has continued to fall this year. This month, we are only producing 1,900 tires a day, and management expects that could fall to as low as 1,700 tires a day by this summer. This means we could lose more than 25 percent of our production volume from 2014 to the middle of this year. If these trends do not change and our production stays at 1,700 tires later this year, I fear that management will have to consider layoffs.

As you know, our plant used to be run as a joint venture between Goodyear and Sumitomo. Goodyear exited that arrangement in October of last year, and the plant has reverted to Sumitomo ownership. Goodyear has an agreement to offtake a certain volume of truck and bus tires from Sumitomo for five years, but there is flexibility to reduce the volume or cease the agreement altogether. If that occurs, any future production of truck and bus tires at our plant will depend on Sumitomo's confidence in the market and willingness to bring in its own brands for production. Without our truck and bus operations, our entire plant would cease to be viable.

Unfortunately, because of market conditions with rapidly increasing imports from China, our plant has received little if any needed investment in recent years. Almost all of our tire building machines are in need of upgrading, and it is the same with our curing presses. During the period being investigated by the Commission in these cases, Goodyear did not invest in new equipment for our plant. Fortunately, with relief made available from injurious imports of PVL tires, our new owner has made new investments in that part of the business and we believe will

certainly do so for the truck and bus portion of the plant if the unfairly traded imports from China are addressed in these cases.

In the passenger vehicle and light truck tire segment, for example, Sumitomo is already responding to the relief that has been provided from Chinese imports. They have put in place a five-year plan to invest in that part of the plant, increase passenger vehicle and light truck production, and even bring production to Buffalo of tires that are currently being made in Thailand. These are all very positive developments that underscore the domestic industry's willingness and eagerness to ramp up production when unfair trade from Chinese tires is disciplined.

And that's why relief from truck and bus tires is also so important to our plant. Right now, with the decline in truck and bus tire production since 2014, we are operating significantly below capacity. Our curing presses could be producing at least 2,300 tires a day. But with production at 1,900 tires a day, we have presses sitting idle. Our tire building machines could produce 3,000 tires a day, but many are shut down as our production is less than two-thirds of that amount.

With the decline in production, we have also lost hours and overtime pay at our plant. We have one 8-hour shift a week that can be used for production if the demand is there. We used to regularly run this shift, and the workers who were on the shift earned time-and-a-half overtime pay. Now that shift is run much less often, and our members' take-home pay has suffered as a result.

This case will make all the difference to our plant. Just like the five-year plan for passenger vehicle and light truck tires that Sumitomo has launched with orders in place, we are confident about our potential if orders are also imposed on truck and bus tires from China. We

have had discussions about possibly increasing production by as much as 30 percent above and beyond what we were producing at our peak in 2014. Our mixing department and existing tire building equipment already have enough unused capacity to reach this goal. Management has discussed bringing in additional curing presses to raise our curing capacity to 3,000 tires a day – the same capacity we currently have in our tire building equipment. We already have a pit dug that the presses could be placed in, and completing the project would take about 6 months to a year. They have also discussed implementing upgrades to our tire building machines to increase their capacity. Management is also interested in bringing Sumitomo truck and bus tire brands to the plant for production. But all of these plans – which would give a lifeline to our plant – depend on one thing: the outcome of this case.

If orders are not imposed, production will continue to decrease, hours will continue to fall, and investments will continue to be very difficult to justify. If orders are imposed, we can quickly ramp back up to the 2,300 tires we were producing in 2014 with existing employees and equipment, increasing our annual production by 140,000 tires. Plans to increase production even further to 3,000 tires a day could be implemented within 12 months, adding another 245,000 tires to our annual production.

Our plant and our members have been slowly starved of production and investment at a time when we should have experienced growth in line with healthy and rising domestic demand. Aggressively priced Chinese imports, which rose twice as fast as demand, pushed our tires out of the market and hurt our plant and our members. We are optimistic that our plant can recover and thrive. We are grateful that Sumitomo also has confidence in our plant's potential. But these hopes can only be realized if the playing field is level and competition is fair.

I am proud of our union for bringing these cases. Their outcome will make all the difference for our industry and for our members. We hope the Commission will vote in the affirmative.

Thank you.