

TRUCK AND BUS TIRES FROM CHINA
INVESTIGATION NOS. 701-TA-556 AND 731-TA-1311 (FINAL)
STATEMENT OF SENATOR TIM KAINE AS PREPARED FOR DELIVERY
PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION
JANUARY 24, 2017

Chairman Schmidlein, Vice Chairman Johanson, ITC Commissioners, I am proud to stand before the Commission to testify in support of the United Steelworkers in its case for imposition of antidumping and countervailing duties against unfairly traded Chinese imports of truck and bus tires. I believe that an affirmative vote and a positive outcome in this case is vital to the future stability of the domestic truck and bus tire industry, including the more than 2,000 workers at the Goodyear truck and bus tire plant in Danville, Virginia. Over 1,800 of these workers are members of USW Local 831 and are looking to you for the chance to compete fairly and on a level playing field with China.

Goodyear has a long history in Danville. Since its groundbreaking in 1965, the plant has been expanded 40 times and has produced more than 100 million truck and aircraft tires for numerous uses, including in the United States military. The Danville plant is the largest producer of commercial truck and bus tires in North America, and Goodyear is the city's largest and highest paying private employer. Virginians recognize that these are good jobs. These are the exact American manufacturing jobs we all want to protect and support.

I have a history with this plant myself. In June 2008, as Governor of Virginia, I helped Goodyear secure millions in performance based grants and community funding to support a \$200 million modernization project at the Danville plant to improve its technology. It was my hope

that this investment would enable the plant to continue to produce more innovative commercial tire products and serve as a testament to the manufacturing possibilities in Virginia.

Unfortunately, since then, the domestic market for truck and bus tires has been distorted by trade activities carried out by Chinese producers. Between 2013 and 2015, Chinese imports grew 41 percent. Chinese producers shipped more than 8.9 million tires in 2015, over 60 percent of total imports that year. Unfortunately, the data show that imports have reached nearly 60 percent of apparent consumption. Clearly we need to address rapidly increasing tire imports from China to ensure American manufacturers have a level playing field on which to compete.

The domestic market is now dominated by Chinese imports as more truck and bus tires sold in 2015 were manufactured abroad than in the U.S. The data show Chinese producers have dumped these tires in the U.S. While the value of Chinese exports to the U.S. increased from 2013 to 2015, the average unit value of Chinese truck and bus tires has dropped sharply. By underselling at values less than the cost of production at home, Chinese imports gained U.S. market share at the expense of domestic producers.

These unfair trade practices were confirmed by the Department of Commerce, which preliminarily found subsidy margins ranging from 17.06 percent to 23.38 percent and dumping margins of 30.36 percent. Because of these high margins, our domestic producers are starting a step behind, unable to keep up with increased demand, and are left racing to keep up with foreign competition. And while they are constantly making innovations and efficiencies, the U.S. truck and bus tire industry cannot compete successfully in these biased conditions.

Chinese subsidization and dumping are having visible negative economic impacts on the domestic truck and bus tire industry. Generally during cyclical periods of high demand, such as the spike in demand between 2013 and 2015, I understand that the Danville plant has been able

to boost production and shipments. However, shipments during this period for the domestic industry fell 5.7%, overall and, starting this year, Goodyear had reduced the number of tires produced daily in Danville.

These production declines directly impact American workers, who suffer lower overtime and take-home pay, and, ultimately, if unfair trade is not stopped, layoffs. Each time a worker is laid off, the community is directly impacted. I refuse to sit back and watch Chinese imports continue to harm the manufacturing sector in Virginia and the United States. If left unchecked, I fear there will be further production cuts and layoffs in Danville and elsewhere.

I am a supporter of trade and believe that trade, under the right conditions with strong enforcement, benefits our economy. But our policies must better support the American middle class in Danville and throughout the United States. A first step in igniting such change is an affirmative result in trade remedy cases like this one.

We have already seen the positive results that orders from the ITC can have in the passenger vehicle and light truck tire segment, a separate ITC hearing I provided testimony at to voice similar concerns. It is my hope that an affirmative final determination when the Commission votes will likewise lead to further innovation, investment, and security in this important industry.

Thank you.