

United States Senate

WASHINGTON, DC 20510

Submitted Testimony of Senator Charles E. Schumer of New York

United States International Trade Commission

Truck and Bus Tires From China

Investigation Nos. 701-TA-556 and 731-TA-1311 (Final)

January 23, 2017

Chairman Williamson and Members of the Commission:

I write in strong support of the United Steelworkers (USW) petition for relief from dumped and subsidized imports of truck and bus tire imports from China. I urge you to carefully examine the evidence presented by the USW, which demonstrates material injury to the domestic industry. China's unfairly traded imports have adversely impacted workers at the Sumitomo tire plant in Tonawanda, New York, which employs over 1,300 workers.

The Tonawanda Sumitomo plant, formerly Goodyear Dunlop, has been a cornerstone of the Western New York manufacturing community since 1923. In addition to truck and bus tires, Sumitomo makes tires for passenger cars, light trucks and motorcycles. The plant provides high wage, high skill work opportunities for the entire region.

As with a many other manufacturing industries across the country, U.S. production in the truck and bus tire industry is less than market conditions warrant due to a huge surge in unfairly traded imports from China. It is no surprise that the Commission's data from the preliminary decision in this case shows that tire manufacturers in New York and across the country have suffered significant injury from China's tire imports in recent years. U.S. producers' U.S. market share declined 5.2 percentage points in 2014 and 2.8 percentage points in 2015 as China's imports increased. The production of truck and bus tires at the Tonawanda plant has declined from 2,300 a day in 2014 to 1,900 a day in early 2016; a decline of 17 percent in less than two years that is expected to continue. The capacity of the plant is 3,000 of these tires a day.

The industry informs me that as U.S. production suffered, bus and truck tire imports from China shot up by 41 percent, from 6.3 million tires in 2013 to 8.9 million in 2015 and increased further through 2016. The value of these imports went from \$885 million in 2013 to \$1.1 billion in 2015, a 27 percent increase, as average unit value declined sharply. This is consistent with the Commerce Department's preliminary findings that Chinese product is being sold at significant dumping margins and benefiting from significant government subsidies. The Department of Commerce assessed a 22.57 percent China-Wide preliminary dumping rate and a 20.22 percent China-Wide preliminary subsidy rate on these tires from China.

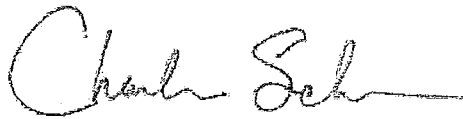
If these unfair trade practices are not neutralized by the imposition of trade relief, China's producers will be on a winning trajectory, while our workers, companies and industrial base face

continued harm from their unfair trade practices. Our producers, including the Sumitomo plant in Tonawanda, have the ability to recover, but they need a level playing field to compete.

We need to fight for our workers in Tonawanda, New York, and across the country until free and fair trade is re-established in our manufacturing sector. Recent economic reports indicate that too many middle-class Americans have felt the direct impact of unfair trade on our manufacturing base. Declines in jobs and wages due to unfair trade have undermined their standard of living. To restore competitiveness for the long-term, better education policies, more equitable trade policies and stronger worker training are all needed. However, the first step in restoring opportunity in places like Tonawanda, New York, is leveling the playing field by enforcing U.S. trade laws through cases like this one.

Again, I urge the Commission to carefully consider the petitioner's strong evidence that unfairly traded tires from China are injuring our domestic tire industry. Thank you for your attention to this issue and I look forward to continuing to work with the Commission on these important cases.

Sincerely,

A handwritten signature in cursive script, reading "Charles E. Schumer". The signature is written in dark ink and is positioned above a horizontal line.

Charles E. Schumer
United States Senator