

★ FOR THE RECORD
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Testimony of Senator Mark Warner (D-VA) on Truck and Bus Tire ITC Case

Inv. Nos. 701-TA-556 and 731-TA-1311

Chairman Schmidlein, Vice Chairman Johanson, ITC Commissioners, I am happy to express my support today for the imposition of antidumping and countervailing duty orders against imported truck and bus tires from China. I believe these orders will help combat unfair trade practices and protect American workers in this important industry. I am very pleased to support the 2,162 workers at the Goodyear truck and bus tire plant in Danville, Virginia in this important case. I also want to acknowledge that 1,850 of these workers are members of USW Local 831, and note that I share their belief that an affirmative vote in this case is a vote in favor of the future of Virginia and American manufacturing.

Headquartered in Akron, the Goodyear Tire & Rubber Company got its start in 1898 producing bicycle and carriage tires. Danville was selected as the site for Goodyear's tenth and largest single unit plant to date in 1965, and cured its first 900 x 20 truck tire on November 25, 1966. From these humble beginnings, Goodyear became one of the world's largest tire companies. Over time, its plant in Danville became the largest producer of commercial truck and bus tires in North America.

Though the Danville plant initially produced truck and aircraft tires, its production schedule has evolved to meet the changing market, and today produces radial truck tires, including as the exclusive producer of Goodyear's new medium radial truck steer tires. The plant has been expanded several times since its initial construction, as Goodyear has invested more than \$200 million in the facility. The 407-acre site now consists of 14 buildings ranging in size from a 213-square-foot guard house to the 1.9-million-square-foot main plant.

Since 1966, Goodyear has cured more than 100 million truck and aircraft tires in Danville, including the company's three-billionth tire in 1983. In 2016, the plant marked its 50th year of operation, a milestone recognized by the Danville City Council. The plant has become a vital part of the Danville community and a testament to the manufacturing possibilities in Virginia.

Goodyear is Danville's largest and highest paying private employer. In addition to the 2,162 workers directly employed by Goodyear, the Danville plant generates an estimated \$1.25 billion in cumulative value of products and services for the area. Goodyear provides high-paying, high-skilled jobs that support families and spur investment back into the community. Workers recognize the value of these jobs; 30 percent of workers at the Danville plant have worked there for 15 years or more, with 16 percent working for 25 years or more.

Unfortunately, the future of the Goodyear plant in Danville and similar truck and bus tire plants throughout the U.S. is at risk due to unfair competition from Chinese imports. In recent years, low-priced Chinese truck and bus tires have flooded the U.S. market. Imports from China increased each year between 2013 and 2015, ending over 41.9 percent higher in 2015 than in

2013. Chinese imports also increased both as a share of total U.S. imports of truck and bus tires and as a ratio to U.S. production during the same period.

At the same time, the average unit values of Chinese tires dropped, and were consistently priced lower than imports from other countries. The fact that Chinese truck and bus tires are being subsidized by the Chinese government and sold in the U.S. market for less than the cost of production at home was confirmed by the Department of Commerce, which found countervailing duty margins of 17.06 to 23.38 percent and dumping margins of 30.36 percent.

Because of these large margins of dumping and subsidization, domestic producers like Goodyear have been unable to capitalize on the period of high demand experienced between 2013 and 2015. Though demand swelled by 17 percent, imports from China captured 70 percent of the increase and domestic shipments actually declined by 5.7 percent. As a result, Chinese imports were able to gain 6 percent in U.S. market share at the direct expense of domestic producers.

Goodyear continually adjusts its production schedule based on market conditions. In a market distorted by Chinese imports, Goodyear has no choice but to cut back production of truck and bus tires. Such production cuts have tangible impacts on American workers as Goodyear adjusts shifts, overtime hours, and, in certain instances, staffing levels to reflect its production needs. In 2016, Goodyear was forced to reduce daily production at the Danville plant, leading to reduced take-home pay and ultimately layoffs for some of its workers. These trends threaten the financial security of American families and the stability of the entire community.

Without a positive outcome in this case to level the playing field, I fear that the domestic truck and bus industry will fall farther behind.

U.S. workers deserve the opportunity to compete fairly. I encourage you to vote in the affirmative on February 22 to give them that chance.

Thank you.