

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

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

**JANUARY 24, 2017**

**STATEMENT OF JODY JUAREZ  
PRESIDENT, USW LOCAL 307  
GOODYEAR PLANT IN TOPEKA, KANSAS**

Good morning. My name is Jody Juarez. I am the President of USW Local 307, which represents workers at Goodyear's plant in Topeka, Kansas.

I have been working at the Topeka plant for 30 years. I have experience building bias tires and in component processing, and I now work in the plant's banbury and mixing operations. In addition to truck and bus tires, our plant also makes a small amount of light truck tires and some large off-the-road earthmoving tires. We make truck and bus tires under the Goodyear, Dunlop, and Kelly brands. Our tires are made for both the original equipment market and the replacement market. All brands are made on the same equipment by the same employees.

Production of truck and bus tires at Goodyear's Topeka plant is suffering due to unfair competition from imports from China. From 2013 to 2015, truck and bus tire production at our plant was flat to declining, despite the large increase in demand for truck and bus tires over the period. While we had a daily ticket that ranged from 5,300 to 5,700 in 2015, that ticket has now been sharply reduced. In the first couple of months of 2016, as Chinese imports continued to surge into the market, our ticket was reduced to only 4,100 tires a day. The final surge of imports prior to preliminary relief caused an inventory overhang that resulted in our production

being cut during the summer months to as low as 3,200 tires. Our ticket is currently fluctuating, but we have come back up to as high as 3,500 tires a day.

Despite the sharp declines in production that we had in 2016, throughout the year our inventories increased. I would estimate that we added 50,000 tires to our plant's inventory in 2016 and are currently holding 90,000 tires in inventory. This is enough inventory for the factory to simply shut the doors for nearly a month.

Due to this lackluster production, management has taken many days out of the schedule. In 2016, two days were taken out at Easter, an entire week was taken out over the 4<sup>th</sup> of July, four days were taken out over the Labor Day holiday, five days were taken out in the month of October, and nine days were taken out over Christmas and New Year's. For most of these days the factory would normally be working around the clock. We have already been notified that additional days will be taken out of the schedule in 2017. The component prep section of the plant is also not operating on full shifts.

We have not been operating at full capacity since 2013, a situation that is even worse today. A couple of our banbury mixers are currently shut down. A number of our tire building machines are being cleaned or sitting idle instead of producing tires. With the current labor in our tire room and full equipment utilization, we could be producing 6,200 tires a day – significantly above the 5,700 tires made in 2015 and far more than the 3,200 to 3,500 tires we are making today. With some additional investment in new curing lines, and no new tire building equipment, we could easily produce 7,200 tires a day or more.

In fact, our plant has sought two new curing lines from Goodyear in order to take full advantage of our tire building capacity and enable us to hit 7,200 tires a day. But the company has not committed the funds needed to make the investment. We were also expecting to get a

new mixer in 2014, but the investment was not made in our plant. In short, there has been no new equipment added to our plant at all since 2013.

Management's explanation for the drop in production and failure to invest in new equipment is that there are fewer tires being ordered and Goodyear has lost market share to China. This is despite Goodyear's efforts to increase its offerings of more economical tires under its Kelly brand in order to compete. It is remarkable to me that in a market where overall demand is high, a company like Goodyear is losing sales and market share. It is distressing that right at the time when demand is growing and we would expect the best for our company, we are unable to get any equipment in our plant, to improve our capacity utilization, and to increase production and employment. Instead our production has been cut repeatedly, our equipment is sitting idle, and our workers are under-used. The reason for the problems our plant has experienced is the rapid growth in low-priced tires from China. Management has confirmed this. In interim meetings, they have specifically discussed their concerns about competition from cheaper tires from China entering the market.

The downward spiral our plant is on is unsustainable in a capital-intensive industry like tire-making. When demand is high is when our plants need to be running full out, when new investments should be made, and when our members should be working full shifts, earning overtime, and training new hires. Instead the opposite has occurred, all because of the surge in dumped and subsidized tires from China.

If orders are imposed on these imports, our plant can react immediately. We have the raw materials, the labor, and the equipment to start producing more tires tomorrow, and to keep producing more tires the days and months after that. Despite the significant declines in production in 2016, we have not had any layoffs. Some workers who have been able to keep

their shifts are doing maintenance and cleaning. Management has explained that they do not want to reduce the workforce because of the additional cost of having to hire and train people if production picks up. I have never seen Goodyear do this before and can only guess that management is waiting to see what happens with these cases and is expecting that if there are orders, our production will pick up quickly. For the workers, I can say we are ready. We can ramp up from 4,100 to 6,200 tires a day with no new equipment, and the addition of two curing lines could bring us to 7,200 tires a day or more in short order.

We hope the Commission will vote in the affirmative to give us that opportunity to compete.