

**CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA  
INVESTIGATION NOS. 701-TA-522 AND 731-TA-1258 (FINAL)**

**STATEMENT OF SENATOR TIM KAINE AS PREPARED FOR DELIVERY  
PUBLIC HEARING BEFORE THE  
UNITED STATES INTERNATIONAL TRADE COMMISSION**

**JUNE 9, 2015**

Chairman Broadbent, Commissioners, thank you for the opportunity to be here today to testify. I am here on behalf of the people of Virginia in support of the United Steelworkers' petition for relief from dumped and subsidized imports of passenger and light truck tires from China.

Last September, I, along with 29 other Senators, sent a letter to the Department of Commerce in support of the Department's decision to initiate these investigations. In that letter we noted the importance of America's trade laws and the enforcement of those laws in combatting unfairly traded imports from China. As we noted, when fair trade conditions are restored, and U.S. producers are on a level playing field, we can out-compete anyone.

I believe this was shown a few years ago when Chinese imports were subject to duties as a result of the United Steelworkers' safeguard petition. I am glad the Commission and President stood up for American manufacturers. Following imposition of tariffs then, the volume of imports from China fell significantly and prices began to improve. In other words, the U.S. market found the stability it needed. We then saw rebounds in domestic production, shipments, and employment, and eventually the industry was able to earn the profits it desperately needed to reinvest.

However, it is important to think about what necessitated this relief. From 2004 to 2008, imports of Chinese tires soared. The market share of Chinese imports grew to reasonably large

numbers. At the same time, U.S. production decreased, the market share for domestic producers fell, and thousands of workers lost their jobs. The surge in Chinese imports resulted in the closure or the announced closure of U.S. tire plants. If not for the safeguard relief, Chinese imports would have continued to cause injury to the domestic industry.

The record before the Commission today shows similar patterns. Since 2012, China has been flooding the U.S. market with dumped and subsidized tires. The pre-hearing staff report shows that imports from China increased by 84 percent between 2012 and 2014. The Commission's preliminary determination indicates that the levels of underselling by Chinese imports increased significantly after the safeguard measure expired, underscoring how important the safeguard relief was in bringing pricing stability to the U.S. market.

While the surge in Chinese imports occurred during a time of economic recovery and increased domestic consumption, Chinese imports benefited from the U.S. recovery but the domestic industry did not, as U.S. production and U.S. shipments declined. Thus, the market share for Chinese imports increased from 11.5 percent of the U.S. market in 2012 to 19.3 percent in 2014. This increase came at the direct expense of domestic producers, whose market share fell from 46.6 percent to 41.9 percent in that period. American jobs were lost over this period despite the economic recovery and growth in consumption of nearly 10 percent.

Some of those jobs were lost at the Yokohama plant in my home state of Virginia. The plant is located in Salem, Virginia and has 910 employees, including 718 United Steelworker members, some of them here today. However, that was not always the case. When the safeguard duty was in place, the Salem plant was producing 18,000 tires a day. After the safeguard relief expired, and Chinese imports resurged into the market, production at Salem quickly dropped, falling to 16,000 tires a day in 2013. By June of last year, when these petitions were filed,

production was down to 15,100 tires per day. I understand that production continued to fall in 2014. So in a period of strong growth in demand for tires, the Yokohama plant reduced production by nearly forty percent – the direct result of surging imports from China.

Over the past decade, Chinese producers have repeatedly inundated the U.S. market with unfairly traded tires and harmed the U.S. tire industry and the industry's workers. This has been driven by targeted Chinese government support policies and generous subsidies by the Chinese government to benefit the Chinese tire industry. The Department of Commerce preliminarily countervailed thirty subsidy programs available to the Chinese tire industry, resulting in subsidy margins ranging from 11.74 percent to 81.29 percent. Additionally, the Department of Commerce made a preliminary finding that Chinese producers were dumping tires in the U.S. market at margins ranging from 19.17 percent to 87.99 percent. I think we must question how we could expect anyone to compete against such massive levels of dumping and subsidization.

However, just as Chinese producers retreated from our market when the safeguard relief was imposed, Chinese imports again fell sharply after preliminary duties were imposed in these investigations. Monthly imports from China dropped in December of last year after preliminary countervailing duties were imposed. In the first quarter of this year, imports from China are below what they were in the same period last year. The preliminary relief from dumped and subsidized Chinese tires is making a big difference in my state. I understand that production in Salem has already begun to increase. The plant has even been able to recall some of the workers it had to lay off. This is welcome news for our domestic manufacturers.

When China's unfair trade practices are neutralized through antidumping and countervailing duties, the domestic industry can recover the market share, volume, and employment that unfair trade practices have limited. I believe trade, under the right conditions,

is important, and Virginia is a global gateway for this activity. I hope you are able to find in favor of U.S. manufacturers and allow them to compete on a level playing field.

Thank you.