

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

STATEMENT OF SENATOR JEFF SESSIONS
PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

JUNE 9, 2015

I want to thank the Commission for the opportunity to testify today in support of Alabama workers' petitions on passenger car and light truck tires from China. These petitions are important for our domestic tire industry and its workers not only in Alabama, but also around this country.

This commission is well aware of our current trade deficits and the debate that surrounds it. You know about the role foreign governments and corporations play to get around internationally agreed upon trading rules, all done in the name of

“free trade.” I don’t accept the notion that we should send thank you notes to nations that ship us goods at illegally subsidized prices, that have the result of eliminating American competitors and shifting their unemployment to the United States.

As a result, this nation is facing very serious challenges to its strong manufacturing base. Currency manipulation, tariffs, and non-tariff barriers hammer American industries and workers.

Our trade competitors strongly desire access to our market, and we have every right, and a duty, to ensure that such access is accompanied with compliance with the rules of trade. This is not free trade. And this nation cannot be so tied to a religion of free trade that we enable such bad behavior.

This Commission plays a key role in making trade work for the American people. Your work has been critical to the competitiveness, and indeed the survival, of many important domestic industries, including American tire manufacturers. Your work promotes trade by resisting anti-trade actions.

In 2009, this Commission found that a surge in Chinese tire imports was disrupting the U.S. market and recommended that a remedy be imposed, resulting in three years of safeguard tariffs that protected American manufacturing from state-owned enterprises, manipulated currencies, and illegal product dumping in our domestic market. From 2004 to 2008, tire imports from China more than tripled, while the American industry was thrown into

a downward spiral of lost shipments, declining productivity, and disappearing contracts. From 2004 to 2009, before relief was imposed, the industry closed or announced the closure of eight tire plants, including Michelin's plant in Opelika, Alabama. As a result, U.S. industry lost a massive 60 million tires of annual production capacity.

But this Commission's actions to push back against trade abuses have been very successful. With the safeguards you authorized in place, imports from China dropped dramatically and the hemorrhaging of the domestic industry stopped. By 2011, the domestic industry's shipments, employment, and operating income had started to improve. However, when the safeguard tariffs

expired in 2012, Chinese producers came back in force. Your prehearing staff report shows that they dramatically ramped up their exports by 84 percent from 2012 to 2014, once again, rapidly seizing market share from domestic producers. As a result, the domestic industry has yet again seen its production, shipments, and employment all decline, even while demand increased following the recent recession.

The Commerce Department's preliminary report found that Chinese producers are dumping their product in the U.S. market at prices significantly below market price. The report states that Chinese products arrive in the U.S. market between 18.58% and 87.99% percent below fair market price.

Furthermore, Chinese producers also benefit from an array of government subsidies, including export subsidies, and an artificially depressed currency.

The Commerce Department's preliminary report also found that government subsidies range from 11.74 percent to 81.29 percent. This dumping and subsidization has permitted Chinese producers to engage in widespread and significant undercutting of U.S. prices at every turn. The fact is, when American's are offered a level playing field, our workers can win. However, these numbers prove that this is not free trade. The United States should not acquiesce to the loss of a single job to unfair competition. That day is past.

Alabama is home to three plants that produce passenger car and light truck tires. Michelin has two plants in Dothan and Tuscaloosa, and Goodyear operates a plant in Gadsden, employing more than 3,000 people.

When Michelin's plant in Opelika, Alabama closed, we directly lost about a thousand good paying jobs. After the safeguard tariffs expired in 2012, Michelin's plant in Tuscaloosa, Alabama, had to cut production and lay off 100 workers.

Goodyear's plant in Gadsden, Alabama also had to reduce production and hours and lay off workers.

Michelin's Dothan plant likely faces similar declines.

With Commerce's preliminary relief in place, these

plants have begun to recover, rehiring workers, and making new investments.

For the sake of these plants and their workers in Alabama and around the country, I urge the Commission to vote in the affirmative so this vital, and justified, relief can remain in place for years to come. Thank you.