Steve Jones

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

PUBLIC HEARING BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

JUNE 9, 2015

STATEMENT OF STEVE JONES
PRESIDENT, LOCAL 1023
UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION

Good morning. My name is Steve Jones. I am the President of USW Local 1023, representing workers at Yokohama's tire plant in Salem, Virginia.

I started working in the Salem plant in 1991. I have worked as a press operator in the curing operations, as a green tire man, and as a tire builder. We make both passenger car and light truck tires, with a focus on 16 and 17 inch tires for the aftermarket. The tires we produce under Yokohama's brands are physically very similar to the private label tires we produce.

Our plant has tried to focus on the 16 to 17 inch high performance and light truck tires in the hopes that it would insulate us from import competition. Unfortunately, that has not been the case. In early 2012, with the safeguard tariff on Chinese tires in place, our plant was producing up to 18,000 tires a day. That fell sharply once the tariffs were taken off. As imports from China surged, our production dropped to an average of 16,000 tires a day. By the end of 2014, we were only producing 11,000 tires a day – a huge decline of nearly 40 percent from the daily production we enjoyed in 2012. The difference between our peak daily production with duties in place and the lowest daily production in 2014 is a gap of nearly 2.5 million tires a year.

We also lost production due to reduced shifts and overtime. Management cut shifts from our schedule, regularly using one shift a week for maintenance instead of production. Management greatly reduced overtime, which is an important source of income for our members and their families. In March of 2014, management also stopped hiring new workers to replace those lost through attrition. Due to these pressures, management insisted that our most recent contract, which was ratified in June of last year, be cost neutral. While our plant is protected from being shut down during the life of the contract, there are no restrictions on the number of USW members that could potentially lose their jobs.

Last year, I testified that I was worried Yokohama might have to let workers go if Chinese imports continued to grow and take our market share. Unfortunately, the surge only accelerated as importers tried to stockpile Chinese tires before duties were put in place. In January of this year, management did have to lay off workers, cutting 29 jobs at our plant. The workers were certified for Trade Adjustment Assistance.

These cuts in production, hours, and jobs were directly due to the rising volumes of Chinese imports that undercut our market after the safeguard duties expired. Yokohama's own public statements show that management agrees it is Chinese imports that caused the injury we have suffered.

In its 2013 annual report, Yokohama explained that the termination of the safeguard duties undermined it sales in North America. In November of 2013, the President of Yokohama was described in a news article as "concerned about the influx of Chinese tires into the U.S. market" since the tariffs ended. He noted that low-priced imports from China were affecting the prices for the whole range of tires on the market. In January of last year, Yokohama's President explained that he expected to see increased competition in the U.S. market, stating: "There are many low-cost imports, which are impacting everyone in the market."

With duties in place to offset China's unfair trade practices, the tide of Chinese imports is receding. Our plant is already beginning to see some of the benefits. From the low of 11,000 tires a day at the end of last year, we are now producing 13,500 tires a day. Management is hoping we can get production back up to 14,000 a day by the end of the year. And, of the 29 workers who were laid off, 26 have already been re-hired to replace workers lost to attrition.

Even with these improvements, we still have lots of unused capacity. We have 43 tire machines at our plant, but only have the manpower to run 31 machines. If duties are allowed to continue and the market keeps improving, it would be very easy for us to rapidly increase production with the equipment we already have.

Unfortunately, if these duties end, our plant will be in the cross-hairs. We were already hit so hard by the wave of low-priced imports from 2012 to 2014 that I am not sure how we would survive even greater volumes of Chinese imports. Chinese producers have large amounts of excess capacity, and have shown they are eager to penetrate our market. If no relief is put in place, I am concerned that our plant and the members of our local will suffer even more injury than we already have: additional production cuts, reductions in hours and pay, and more layoffs. I hope the Commission will help ensure this does not happen, and allow the benefits of the duties to endure, by reaching an affirmative determination in these investigations.

Thank you.