Mark Williams

Certain Passenger Vehicle and Light Truck Tires from China
Inv. Nos. 701-TA-522 and 731-TA-1258 (Final)

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Statement of Mark Williams
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United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union

Good morning. My name is Mark Williams, and I am the former President of USW Local 351L. Our members produce passenger car and light truck tires at Michelin's plant in Tuscaloosa, Alabama. I was pleased that a number of Commissioners and staff were able to visit Tuscaloosa in April of this year, and I hope you enjoyed learning about our plant.

I started my career as a tire builder at the Tuscaloosa plant in 1976, when it was owned by BFGoodrich. Our plant makes a wide range of tires, with rim diameters from 14 to 20 inches. We produce tires for both the OEM market and the aftermarket.

When President Obama imposed safeguard duties on Chinese tires in 2009, it led to a lot of optimism at our plant. In 2011, management launched a plan to add equipment and hire additional staff in order to increase production. They put up a big board with a football theme – we are big University of Alabama fans, of course. It had goals for growth, a countdown, and a big picture of Bear Bryant. Our daily production grew from 12,000 tires to a peak of 16,500 tires in early 2012. This translates into added production of nearly 1.6 million tires a year.

But by mid-2012, when we were facing the expiration of the tariffs , management took down the big board tracking our expansion progress. The growth plan suddenly went away.

Once the tariffs were removed and imports flooded back into the market, the situation at our plant deteriorated quickly. In 2013, production was cut to 13,500 tires a day, and the plant was shut down for four weeks. Even this was not enough to adjust to the surge of Chinese tires.

In October of 2013, Michelin laid off 100 workers at our plant, and we also stopped backfilling jobs lost to attrition. By mid-2014 our production was at 12,000 tires a day, less than 75 percent of our potential, and we again shut down for three to four weeks. Of the 60 to 65 tire building machines in our plant, about a third were sitting idle and unmanned. To see so many machines idle, so many fewer tires produced, and so many of my union brothers and sisters forced to take layoff in a market where demand was growing rapidly was a very hard blow after the optimism we felt when the safeguard was in place.

The reason for these losses was the surge in imports from China. When we entered contract negotiations with Michelin in 2013, the threat posed by Chinese tires was openly discussed. They talked about the number of tire plants being built in China and the tremendous growth in Chinese imports. Management also discussed the intense pricing pressure they were facing. When we ratified our contract, the company stated that the agreement was reached "in a very cost competitive and challenging environment." Our contract does not protect us from future layoffs or from a complete closure of our plant or our sister plant in Fort Wayne, Indiana.

Fortunately, the preliminary duties on imports from China are making a difference. As imports have plummeted, optimism has returned to our plant. Michelin has introduced new tire codes under the BFGoodrich label. The company recognized that it had lost too much of the middle range of the market and that its BFGoodrich label had the opportunity for growth now that Chinese tires are being disciplined by duties. Our plant is a direct beneficiary of Michelin's decision to take advantage of the relief that these duties provide.

In October of 2014, the month before Commerce's first preliminary determination, management increased our targeted production to 13,500 tires a day. We are working hard to reach that goal. All 100 workers that were laid off in 2013 have been hired back, and we've hired nearly 100 more new workers on top of that. We've gotten a lot of new molds with all the new tire codes we are running. The new BFGoodrich tires we make are in very high demand, with sales far above what was forecast. We've been told that we won't take our regular shutdown in July this year so we can keep up with the demand for our tires.

Plant management has told us that Michelin is planning seven new tire launches over the next five years as long as the market holds. They are seeing the positive impact the tariffs are having on their sales, and they want to be able to take full advantage of that opportunity. With a third of our plant's tire machines still idle, I am hopeful we can respond quickly and increase production even more if these cases are successful.

In closing, I understand some who oppose our petitions claim that Chinese imports have no impact on the domestic industry, or that we occupy some niche of the market that is insulated from competition with Chinese imports. These claims simply do not reflect reality – certainly not the reality at our plant in Tuscaloosa. Michelin would not tell us that we have to cut costs to compete with China if it did not believe it competes with Chinese imports. Michelin would not track the number of tire plants being built in China if Chinese imports were of no concern. Management would not rush in to launch new mid-level tire lines and to increase production once Chinese tires retreat if it saw no value in that market. Production and employment at our plant would not rise and fall depending on whether relief from Chinese tires is in place if we did not compete with Chinese tires head-to-head across the market.

Our experience shows the domestic industry can regain production, make new capital investments, add jobs, and compete successfully when unfairly traded imports from China are subject to duties and not flooding our market. The Commission's decision in this case will determine whether or not we are given that opportunity to compete.

Thank you.