

**CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA**

**PUBLIC HEARING BEFORE THE  
UNITED STATES TRADE REPRESENTATIVE**

**AUGUST 7, 2009**

**TESTIMONY OF RON HOOVER**  
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**INTERNATIONAL UNION**

Good morning. My name is Ron Hoover. I have spent more than forty years working for and bargaining with tire companies, and am recently retired from the position of Executive Vice President for the Rubber and Plastics Industry Conference of the United Steelworkers union.

As Mr. Conway explained, the other side is likely to give you a lot of theories and speculation about why the remedy the ITC recommended won't work. We trust that you, like the ITC, will make your decision based on the facts. Today I want to focus on two important issues for your remedy analysis.

First, you may hear the other side assert that tariffs won't work because the domestic industry is unwilling or unable to take advantage of the relief.

## China Tires 421: Opponents' Claims Rejected by ITC

**Rejected Claim #3:** Domestic industry has no interest or ability to take advantage of relief

- "This unused capacity indicates that U.S. producers could readily increase their production. Moreover, at least several domestic plants are capable of producing a wide range of tire sizes and types on any given day and thus already have the ability to respond quickly to any changes in demand for specific sizes and types of tires."
- "... other information in the record indicates that domestic producers have put plant and equipment upgrades on hold pending more favorable market conditions. Moreover, we anticipate that relief may encourage certain domestic producers to reconsider planned plant closures."

USITC Publ. 4085 at 33, 36 <sup>26</sup>

This claim ignores the large amounts of existing idle capacity that can be used to meet additional demand, which we documented at the individual plant level for the ITC. The ITC majority also noted evidence that the industry has put planned upgrades on hold pending more favorable market conditions, which a remedy would provide.

At the USW, we believe our industries need an aggressive and proactive strategy of investing in and upgrading our plants for the future. And we believe that workers should have a say in that strategy. That's why, as a matter of principle, we work with our employers to secure enforceable commitments regarding future investments in our plants. This is a standard part of the bargaining toolkit we've used in our tire negotiations since 2003. We question our employers on their capital expenditure plans and how they will ensure our plants stay on the cutting edge. We seek specific contract commitments that require the companies to invest in America and to upgrade our facilities. And we regularly monitor the company's compliance with these commitments. That will continue to be our approach moving forward.

So we are confident that the domestic industry – including some 15,000 USW members as part of the companies – will use the three years of relief to lay the foundation for a stronger and more resilient American tire industry for years to come.

A second issue I would like to address is the fact that, in addition to tens of thousands of active tire workers, there are tens of thousands of workers no longer employed in the tire industry who also depend on relief in this case.

**China Tires 421:**  
Both Active and Retired Workers Depend on the Industry

- 31,243 active production workers at the end of 2008
- More than 35,000 retired workers depend on VEBA benefits
- As do their spouses and children

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An important part of our tire company contracts is our Voluntary Employee Beneficiary Associations, or VEBAs. More than 35 thousand retired tire workers, together with their spouses and their children, depend on these VEBAs to cover their medical bills, pay for their prescriptions, and provide other essential benefits. The companies make a fixed contribution to the VEBAs under our contracts, but these contributions alone are not sufficient to keep the trusts viable. So the union has made its own sacrifices to help keep the plans afloat. For example, in a number of cases, we have agreed to defer part of the hourly cost-of-living adjustment owed to active employees to fund the VEBAs. In addition, in contracts with profit-sharing arrangements, those benefits to active employees have also been deferred to shore up the retiree healthcare funding.

If our companies can't compete because the market is flooded by low-priced imports, our VEBAs take a double hit. First, any VEBA contributions generated through profit-sharing disappear if there are no profits to share. Second, the cost of living adjustment we contribute to the VEBAs is keyed to the number of active members and the hours they work. Every time hours are rolled back, workers are laid off, or a plant is shut down, our base for calculating the COLA contribution shrinks and the VEBAs take another blow. Absent relief, it is not only the tens of thousands of active employees whose livelihoods will be threatened, but also the tens of thousands of retirees and their families whose benefits depend on a thriving tire industry in this country.

For all of these reasons, I urge you to recommend meaningful relief in this case.

Thank you.