USW REMEDY BACKGROUNDER

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CERTAIN PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM CHINA: ITC REMEDY VOTE FACT SHEET

- The U.S. International Trade Commission voted unanimously today in support of recommending that the President impose tariffs for three years on imports of Chinese tires that have been found to cause market disruption to the domestic tire industry. The Commission recommends that the President impose tariffs of 55 percent *ad valorem* (the value of the item) in the first year, 45 percent in the second year and 35 percent in the third year, in addition to any other applicable tariffs.

- The Commission's economic analysis indicates that the recommended tariff will provide significant beneficial effects to the domestic industry and its workers while having relatively insignificant costs to consumers.

- U.S. law requires that when the ITC finds market disruption to a domestic industry and its workers, it must recommend a remedy to the President which will address the market disruption.

    - The President will have until September 17 to decide what, if any, relief will be provided.

- The purpose of Section 421 is to protect U.S. industries and workers from injurious surges in Chinese imports while China transitions to a more market-based economy. For it to work, it must be enforced vigorously.

    - "China will become a much more forceful competitor in the future. . . . And we want to be sure that we can take action-and under this provision we will be able to for 12 years after accession - to take action against import surges to the extent they are causing market disruption in the United States." –USTR Charlene Barshefsky, Feb. 16, 2000.

    - "We will benefit from unprecedented special safeguards . . . to defend American workers and farmers from import surges . . . . A "China-specific" safeguard . . . provides stronger and more targeted relief than our current Section 201 law." – Treasury Secretary Lawrence Summers, May 3, 2000.

    - "The safeguard provision ... is a very important feature of this bill. It ensures that if shifts in trade patterns following China's entry into the world trading system cause or threaten dislocations to American workers, businesses, and farmers, they will be able to obtain relief quickly." – Senator Max Baucus (D – MT), Sept. 15, 2000.

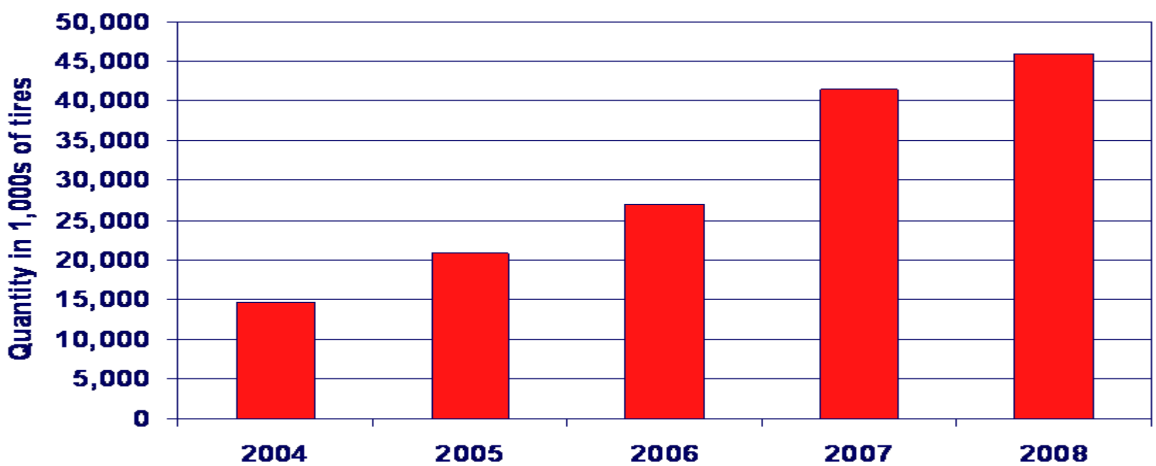
- “As President, I will take a vigorous, pragmatic approach to addressing {trade issues with China}, utilizing our domestic trade remedy laws as well as the WTO’s dispute settlement mechanism wherever appropriate.” – Senator Barack Obama, June 15, 2008.

- The USW and the more than 31,000 workers in the tire industry need a remedy that will in fact eliminate the market disruption caused by Chinese imports.

- What the ITC found in its market disruption investigation:

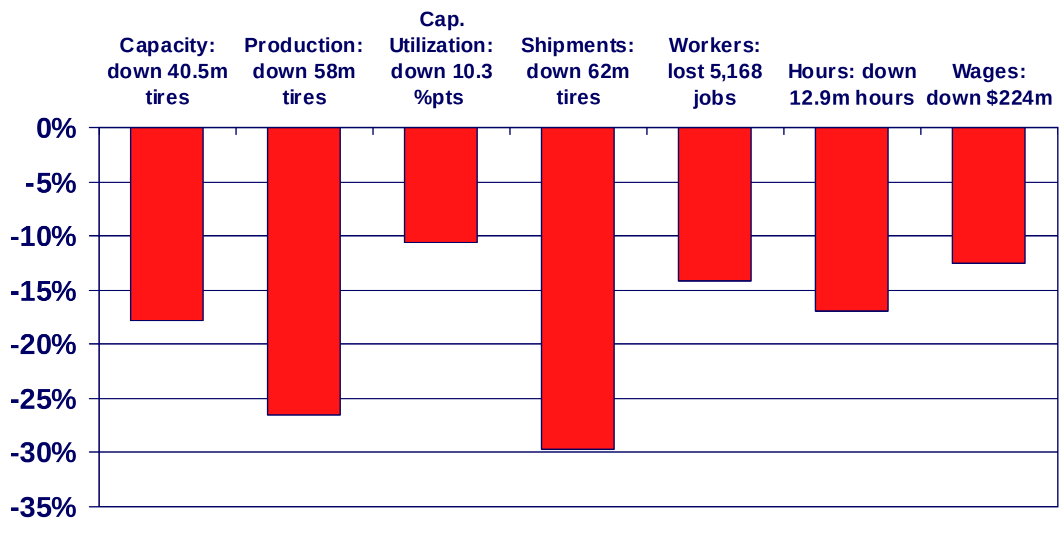
    - Imports from China increased by 215 percent by volume and by nearly 300 percent by value 2004-2008. Chinese producers told the ITC they intend to expand exports further in 2009 and 2010 despite the current recession.

IMPORTS OF CHINESE TIRES 2004-2008



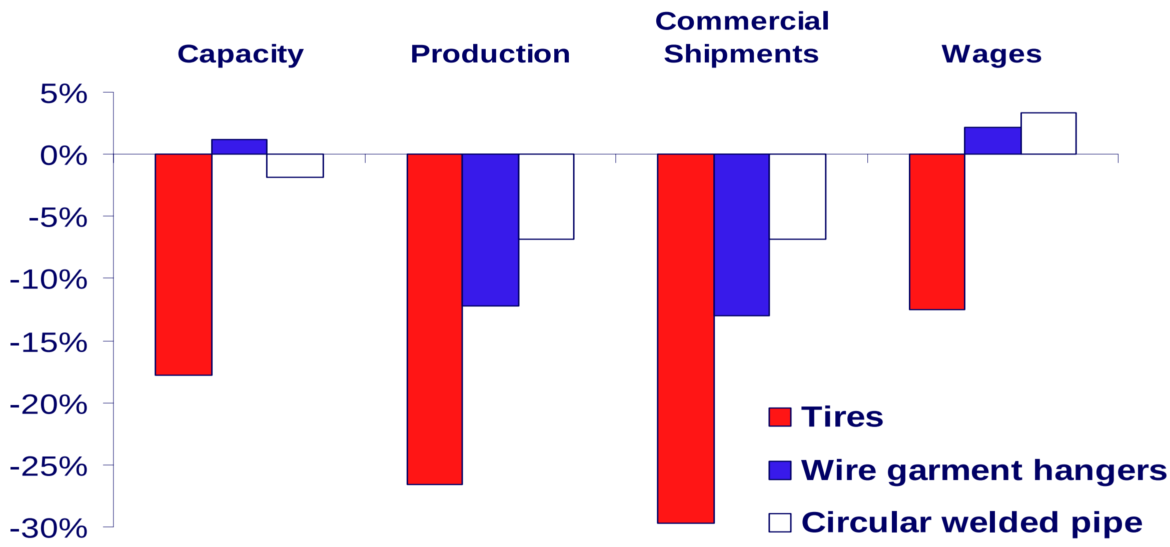
- The domestic industry and its workers have experienced serious injury in a wide range of factors considered by the Commission.

Percentage Change During 2004-08 Import Period



➢ Indeed, more than 5,100 workers lost their jobs since 2004 and another 3,000 workers are scheduled to lose their jobs by the end of this year.

➢ The extent of harm experienced by the domestic tire industry far exceeds the injury found in other 421 cases where the domestic industry was found to be suffering market disruption.



Here’s the bottom line:

The record before the ITC demonstrated surging imports from China with further increases acknowledged to be likely for 2009 and 2010. The domestic industry has suffered double-digit declines in nearly all aspects, some as high as 30 percent. The ITC's market disruption finding was fully supported by the record.

The ITC’s unanimous recommendation is intended to address the market disruption.

Congress approved Section 421 of the trade law to ensure that rapidly increasing imports from China did not result in market disruption and, if such disruption occurred, a rapid remedy would be available. This provision was agreed to by the Chinese as part of their accession agreement.

It is time for that promise to be fulfilled.

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