



## **USW BACKGROUNDER: APRIL 2009**

### ***Consumer Tire Imports from China & U.S. Industry Job Losses***

***Petitioner & Subject Country:*** The United Steelworkers (USW) Section 421 trade case petition filed Apr. 20, 2009 with the U.S. International Trade Commission (ITC) shows how imports of consumer tires have surged in recent years, based on census data. The subject country for the investigation is China.

***Product Description:*** Tires for consumer motor vehicles, including passenger cars, station wagons, vans, sport utility vehicles, minivans and light trucks.

***U.S. Tire Industry & USW:*** The USW represents about 15,000 tire workers at 13 plants in nine states, which accounts for nearly half of the industry's production capacity in 2008. The domestic consumer tire industry consists of ten producers with 27 plants located in 15 states. The tire producing states include: Alabama, Arkansas, Georgia, Illinois, Indiana, Kansas, Mississippi, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee and Virginia.

***Volume of Trade:*** In 2008, China exported nearly 46 million consumer tires with a value of more than \$1.7 billion to the U.S. The petition filing says, "Compared to 2004, by the end of 2008, imports from China had increased a staggering 215 percent by volume and 295 percent by value."

***Evidence of Market Disruption:*** During 2004-08, industry data shows a significant idling of capacity, with tire plant closings and layoffs in several states. Between 2004 and 2008, domestic production of consumer tires declined by over 25 percent. The domestic industry's share of the U.S. tire market declined from 63 percent in 2004 to below 50 percent in 2008. Chinese producers' share of the consumer tire market in the U.S. increased from less than five percent to more than 17 percent.

***Domestic Job Losses:*** The U.S. consumer tire industry has lost 4,400 jobs during 2004-08. There have been announcements of two additional permanent plant shutdowns of consumer tire units in 2009 with total job losses of 2,400.

***Relief Requested:*** The USW seeks an annual import quota of 21 million consumer passenger tires for a three-year period, which would return China imports to a 2005 level.

USW Multi-Industry Profile: The USW is the largest industrial labor union in North American, representing 1.2 million current and retired workers in industries that include primary and fabricated metals, mining, chemicals, paper, glass, rubber, transportation, utilities, container industries, pharmaceuticals, call centers, and health care.

## ***SECTION 421 OF THE TRADE ACT OF 1974:***

Legislative History: Congress added Section 421 of the Trade Act of 1974 to the US-China Relations Act of 2000, which granted China permanent normal trade relations (PNTR) and paved the way for China's membership in the WTO.

Description of Law: Section 421 allows U.S. industries and workers to obtain product-specific import relief from sharp increases in imports from China as that country transitions from a non-market economy to a market economy.

Under Section 421, the U.S. International Trade Commission (ITC) determines whether imports of a product from China are causing or threatening to cause market disruption to the domestic producers of similar products. The ITC's six-member commission directs an agency investigation, holds public hearings and votes on a final recommendation sent to the U.S. President.

Investigation Timeline: Section 421 was intended to provide expedited consideration of trade claims. The ITC must determine by law, whether imports of consumer tires from China are causing market disruption within 60 days of the petition filing. If the determination is affirmative, then the commission has an additional 10 days to determine the remedy recommendations to send to the President – which would be in mid-September.

The President, with input from the U.S. Trade Representative and other government departments, will then have 70 days to decide whether to grant relief. When Congress passed Section 421 in 2000, it specified that when the ITC makes an affirmative determination, there is a presumption in favor of relief. The 421 safeguard expires in late 2013.

### For More Information:

- U.S. International Trade Commission (ITC): [www.usitc.gov/](http://www.usitc.gov/).
- United Steelworkers (USW): [www.usw.org/](http://www.usw.org/).

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