



# Consumer Tires

President Obama announced in September of 2009 the imposition of special safeguard relief for the domestic passenger car and light truck tire industry and its workers who had been seriously harmed by large increases in imports from China in the 2004-2008 time period. The President, backed by the analysis of his Administration and by the independent analysis of the US International Trade Commission, viewed import relief as important to permit the domestic industry to recover and hard working Americans to maintain or regain jobs in the tire sector. Public data available for the first three months of relief confirm that import relief has performed as predicted by the Administration and the USITC – the large increase in imports from China has retreated, significant volume pick ups have occurred for domestic producers, jobs have been maintained and laid off workers recalled, and the industry’s financial fortunes have started to turn around on their US operations. It is critical that the relief that has been in place for just a few months be left in place for the full three years ordered by the President.

### ITC Views on Remedy

“We believe that the tariffs will significantly reduce subject imports and boost U.S. industry sales and prices, resulting in increased profitability. This profitability will lead to the preservation of jobs and the creation of new ones, as well as encourage investment.” *ITC Pub. 4085 at 30.*

ITC anticipated effects	Actual effects observed																								
<p>“This duty would likely reduce shipments of subject tires by 38.2 to 58.4 percent in the first year.” <i>ITC Pub. 4085 at 37.</i></p>	<table border="1"> <thead> <tr> <th colspan="4" data-bbox="609 905 1472 940">Imports of Consumer Tires in 000s of tires</th> </tr> <tr> <th data-bbox="609 940 824 982"></th> <th data-bbox="824 940 1040 982">4Q 2008</th> <th data-bbox="1040 940 1256 982">4Q 2009</th> <th data-bbox="1256 940 1472 982">% change</th> </tr> </thead> <tbody> <tr> <td data-bbox="609 982 824 1024">China</td> <td data-bbox="824 982 1040 1024">11,234</td> <td data-bbox="1040 982 1256 1024">6,405</td> <td data-bbox="1256 982 1472 1024">- 43%</td> </tr> <tr> <td data-bbox="609 1024 824 1066">All Other</td> <td data-bbox="824 1024 1040 1066">20,645</td> <td data-bbox="1040 1024 1256 1066">22,078</td> <td data-bbox="1256 1024 1472 1066">7%</td> </tr> <tr> <td data-bbox="609 1066 824 1108">World</td> <td data-bbox="824 1066 1040 1108">31,880</td> <td data-bbox="1040 1066 1256 1108">28,484</td> <td data-bbox="1256 1066 1472 1108">-11</td> </tr> </tbody> </table>	Imports of Consumer Tires in 000s of tires					4Q 2008	4Q 2009	% change	China	11,234	6,405	- 43%	All Other	20,645	22,078	7%	World	31,880	28,484	-11				
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<p>“Although both domestic and non-subject import shipments would likely increase by 3.4 to 6.8 percent, the volume of domestic shipments is much higher than that of non-subject import shipments, and domestic shipments will thus likely enjoy a much more substantial increase.” <i>ITC Pub. 4085 at 37.</i></p>	<p>“Total light vehicle tire shipments for Cooper’s North America segment in the United States <b>increased by 22 percent</b>, outpacing the total industry shipment increase of 7 percent reported by the Rubber Manufacturers Association. <b>This improvement occurred across all product segments as the Company was able to increase market share in the replacement market.</b>” <i>Cooper Tire and Rubber, 4<sup>th</sup> Qtr 2009 Results (March 5, 2010).</i></p> <p>“<b>Replacement tire shipments were up 2 percent. Market share gains were recorded in the consumer and commercial replacement product segments.</b>” <i>Goodyear 4<sup>th</sup> Qtr 2009 Results (February 18, 2010)</i></p> <p>“Slight Improvement in Passenger Car and Light Truck Markets in Q4” N. Amer. Replacement (<b>% change YoY</b>) <b>4Q 2009 +9%</b> <i>Michelin North America Roadshow Bank of America Merrill Lynch (March 2010)</i></p>																								
<p>“The benefit provided by the tariff – a revenue increase of 5.1 to 8.6 percent – should allow the industry to go from incurring operating losses to earning operating profits.” <i>ITC Pub. 4085 at 37.</i></p>	<table border="1"> <thead> <tr> <th colspan="4" data-bbox="609 1583 1472 1619">Results for North American Tire operations</th> </tr> <tr> <th data-bbox="609 1619 976 1661"><i>In millions of \$s</i></th> <th data-bbox="976 1619 1143 1661">4Q 2008</th> <th data-bbox="1143 1619 1310 1661">4Q 2009</th> <th data-bbox="1310 1619 1472 1661">% change</th> </tr> </thead> <tbody> <tr> <td data-bbox="609 1661 976 1703">Goodyear – net sales</td> <td data-bbox="976 1661 1143 1703">\$1,943</td> <td data-bbox="1143 1661 1310 1703">\$1,884</td> <td data-bbox="1310 1661 1472 1703">-3%</td> </tr> <tr> <td data-bbox="609 1703 976 1745">Goodyear – oper. income</td> <td data-bbox="976 1703 1143 1745">\$-193</td> <td data-bbox="1143 1703 1310 1745">\$-27</td> <td data-bbox="1310 1703 1472 1745">86%</td> </tr> <tr> <td data-bbox="609 1745 976 1787">Cooper – net sales</td> <td data-bbox="976 1745 1143 1787">\$511</td> <td data-bbox="1143 1745 1310 1787">\$566</td> <td data-bbox="1310 1745 1472 1787">11%</td> </tr> <tr> <td data-bbox="609 1787 976 1829">Cooper – Oper. Income</td> <td data-bbox="976 1787 1143 1829">\$-109</td> <td data-bbox="1143 1787 1310 1829">\$39</td> <td data-bbox="1310 1787 1472 1829">136%</td> </tr> </tbody> </table> <p><i>Goodyear, 4<sup>th</sup> Quarter 2009 Results (February 18, 2010); Cooper Tire and Rubber, 4<sup>th</sup> Quarter 2009 Results (March 5, 2010).</i></p>	Results for North American Tire operations				<i>In millions of \$s</i>	4Q 2008	4Q 2009	% change	Goodyear – net sales	\$1,943	\$1,884	-3%	Goodyear – oper. income	\$-193	\$-27	86%	Cooper – net sales	\$511	\$566	11%	Cooper – Oper. Income	\$-109	\$39	136%
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**U.S. Imports from China, Annually 2004 to 2009**

	2004	2005	2006	2007	2008	2009
No. of Tires (000s)	14,574	20,790	27,005	41,503	45,975	42,360
FAS Value (\$000s)	387,499	592,611	803,729	1,290,926	1,553,074	1,407,936
FAS \$s / tire	26.59	28.50	29.76	31.10	33.78	33.24
Landed Cost (\$000s)	453,288	691,924	931,704	1,493,052	1,788,387	1,655,789
LDC \$s / tire	31.10	33.28	34.50	35.97	38.90	39.09

**IMPORT PRICES**

From January to September 2009 imports from China averaged \$38 per tire (on a landed cost duty paid basis).

From October 2009 to January 2010 imports from China averaged \$44 per tire.

This is an increase of \$6 per tire, or 16%. No where near the “doubling” from \$200 to \$400 for a set of four \$50 tires claimed by opponents of the tariff.

**U.S. Imports from China, Monthly 2009-2010**

	No. of Tires (in 000s)	Metric Tons	Landed Cost (\$000s)	\$s / tire
<b>2009</b>				
January	3,241	37,786	133,557	41.21
February	2,330	25,701	91,840	39.42
March	3,598	40,195	141,410	39.31
April	3,959	46,708	149,862	37.85
May	3,997	44,849	149,940	37.52
June	3,830	43,526	148,101	38.66
July	4,681	60,440	175,334	37.46
August	5,164	62,924	189,891	36.77
September	5,155	56,434	196,585	38.14
October	1,778	23,240	80,266	45.13
November	1,961	23,469	84,721	43.21
December	2,666	32,143	114,280	42.87
<b>2010</b>				
January	2,843	33,211	124,070	43.64

Source: Compiled from Official Bureau of Census IM145 import statistics.

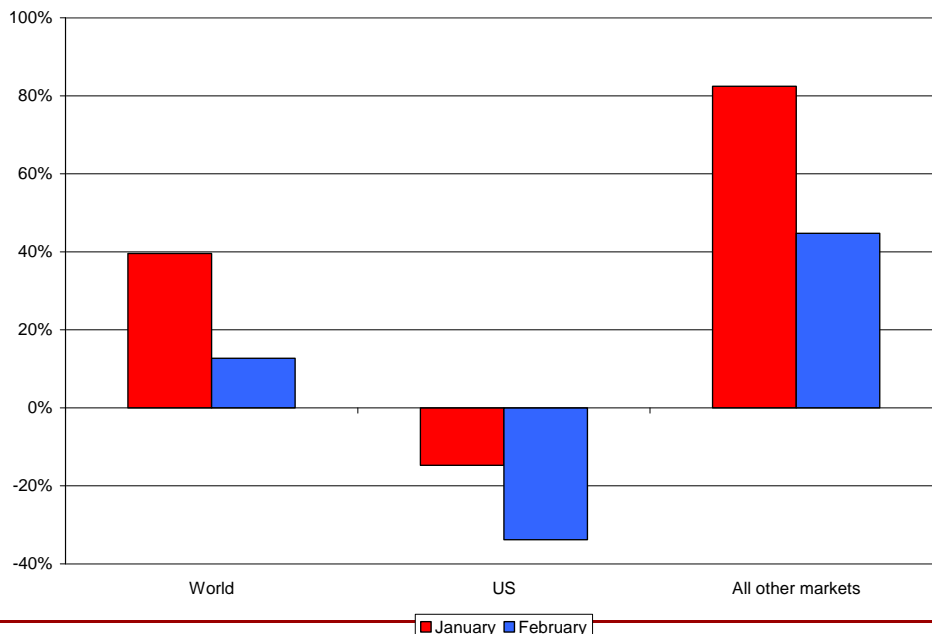
# China's Exports

## Significant Decrease to U.S. Continues in 2010

China's exports to the U.S. decreased significantly in October 2009 after the tariffs went into effect. This trend has continued into 2010, with the US share of China's exports dropping to 24% on a volume basis in February. Compared to February 2009, a drop of 17 percentage points. The data below are just for Passenger Car tires, HS 4011.10, as China's statistics do not provide a breakout for Light Truck tires.

	World	Metric tons			US Share
		US	All Other		
<b>2009</b>					
January	71,783	31,671	40,113	44%	
February	62,824	25,639	37,186	41%	
March	84,011	35,559	48,452	42%	
April	86,010	39,684	46,326	46%	
May	91,034	40,031	51,003	44%	
June	97,274	42,621	54,652	44%	
July	111,951	52,267	59,683	47%	
August	111,278	52,104	59,174	47%	
September	107,054	37,022	70,032	35%	
October	85,902	22,108	63,794	26%	
November	95,056	25,335	69,721	27%	
December	109,826	32,361	77,466	29%	
<b>2010</b>					
January	100,180	27,005	73,175	27%	
February	70,810	16,974	53,836	24%	

Chinese statistics indicated that rather than increasing consumption domestically, China has increased its exports each month of 2010 compared to the same month a year ago. Absent the tariffs it is unlikely that the U.S. would be showing declines.



Source: Compiled from PRC General Administration of Customs, China's Customs Statistics.

## COOPER TIRE INCREASES CAPACITY AT FINDLAY, OHIO TIRE PLANT

Findlay, Ohio, Nov. 24, 2009 — Cooper Tire & Rubber Company (NYSE: CTB) today announced that it is adding capacity at its Findlay, Ohio, tire plant with an additional \$10 million investment in automation, cost improvements and retooling to support market trends. As a result of those investments, capacity will increase and up to 100 people will be hired.

"In addition, in 2010, the Findlay plant will play a key role in Cooper Tire's launch of several new light truck, SUV and premium winter tire products," said Cooper North American Tire Manufacturing Vice President John Bodart. "Taken together, this expansion demonstrates the strong impact Findlay has on the company's strategic objectives of creating a sustainable, competitive cost position, achieving top-line profitable growth and building our organizational capabilities."

This year, Cooper has announced capacity increases and expansions of its manufacturing facilities in Texarkana, Ark., and Tupelo, Miss., as well as in its joint venture in Guadalajara, Mexico, and the Cooper Kenda Tire joint venture facility in Kunshan, China.

Source: Cooper Tire and Rubber Co. News Release

Additional manufacturing job listings at Cooper's domestic facilities:



**COOPER TIRES**

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**Instructions**

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- Click on the job title for more information.

▲ Title	Category	Location
Associate Chemist	Manufacturing & Operations	AR, Texarkana
Electrical Engineer	Manufacturing & Operations	OH, Findlay
Electrician	Manufacturing & Operations	AR, Texarkana
Electronics Technician	Manufacturing & Operations	AR, Texarkana
Millwright	Manufacturing & Operations	AR, Texarkana
Mold Production Operations Technician - II	Manufacturing & Operations	OH, Findlay
Production Supervisors	Manufacturing & Operations	AR, Texarkana
Production Worker (Pool)	Manufacturing & Operations	MS, Tupelo
Production Worker (Pool)	Manufacturing & Operations	AR, Texarkana
Production Worker (pool)	Manufacturing & Operations	OH, Findlay

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## JOB LISTINGS AT MICHELIN AND GOODYEAR DOMESTIC TIRE PLANTS:



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Market Title	Location	Update Date
Supervisor	TUSCALOOSA, AL, United States	3/5/2010
Shift Manager	LOUISVILLE, KY, United States	2/25/2010
Safety and Environmental Manager (Pipeline)	Greenville, SC, United States	1/27/2010
Process/Quality Engineer (Pipeline)	Mobile to any NA Mfg site, United States	3/4/2010
Occupational Nurse / Case Manager	GREENVILLE, SC, United States	2/12/2010
Mechanical Engineer-Extrusion	GREENVILLE, SC, United States	3/4/2010
Mechanical Engineer, Material Handling	GREENVILLE, SC, United States	2/23/2010
Mechanical Engineer	ARDMORE, OK, United States	3/3/2010
Mechanical Engineer	Greenville, SC, United States	3/3/2010
Maintenance Engineer	ARDMORE, OK, United States	3/3/2010
Maintenance Business Unit Leader	ARDMORE, OK, United States	3/3/2010
Industrial Engineer - Asia	Chennai, India, None, United States	2/24/2010
Industrial Engineer	Mobile to any US Mfg Site, United States	3/2/2010
Industrial Engineer	LOUISVILLE, KY, United States	1/5/2010
Industrial Engineer	WOODBURN, TN, United States	1/5/2010
Industrial Engineer	ARDMORE, OK, United States	2/8/2010
Business Unit Leader	LEXINGTON, SC, United States	2/22/2010
Business Unit Leader	SPARTANBURG, SC, United States	2/5/2010
Business Unit Leader	SANDY SPRINGS, SC, United States	2/15/2010



Jobs posted here for Dunlop, Wingfoot, and Dapper Tire are for positions within those companies and those hired will not be employees of The Goodyear Tire & Rubber Company.

**Search Results** » Start New Search

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Req	▲ Title	Location	Brand Name
0901207	Production	ON, Napanee	The Goodyear Tire & Rubber Company
0901198	Production	TN, Union City	The Goodyear Tire & Rubber Company
1000509	Production	NC, Asheboro	The Goodyear Tire & Rubber Company
1000542	Production Control Manager	KS, Topeka	The Goodyear Tire & Rubber Company
1000529	Production Specialist	NC, Fayetteville	The Goodyear Tire & Rubber Company
1000626	Production Specialist	NC, Fayetteville	The Goodyear Tire & Rubber Company
1000713	Production Specialist	VA, Danville	The Goodyear Tire & Rubber Company
1000576	Purchasing Projects Coordinator	TX, Beaumont	The Goodyear Tire & Rubber Company
0901369	Quality Technician (on shift)	AL, Gadsden	The Goodyear Tire & Rubber Company
1000484	Quality Technician - Hourly	GA, Social Circle	The Goodyear Tire & Rubber Company

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### Cooper Tire and Goodyear adding Shareholder Value

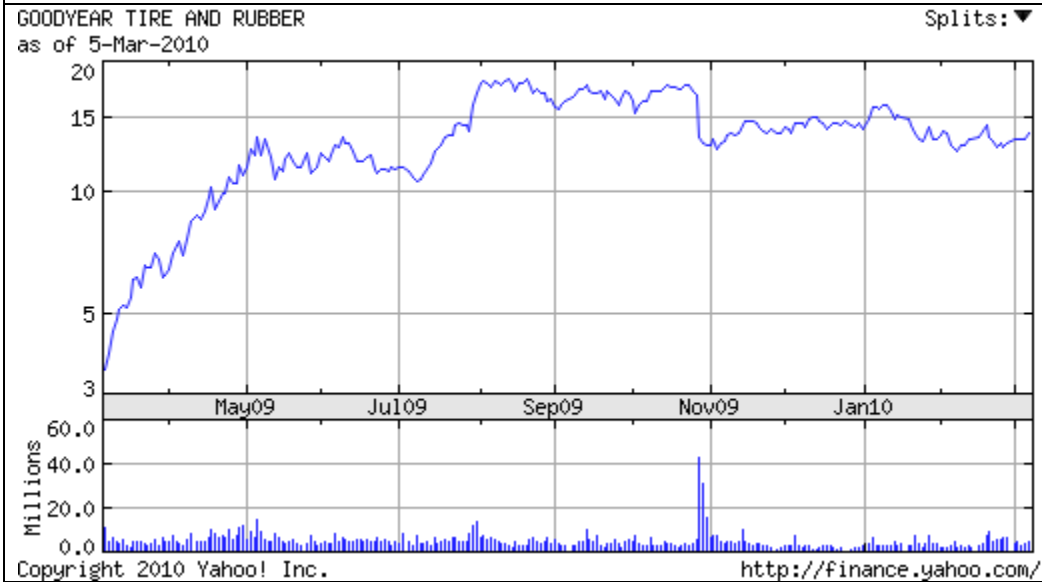
#### Cooper Tire and Rubber – CTB

Cooper Stock price, as of March 8, 2010 (\$18.67) is up 319% since April 1, 2009 (\$4.46).



#### Goodyear Tire & Rubber – GT

Goodyear stock price, as of March 3, 2010 (\$13.68) is up 111% since April 1, 2009 (\$6.49).



## PRICE INCREASES

Several manufacturers reported price increases taking effect from November 2009 through February 2010. Most cited escalating raw materials as the reason for the increases.

	Effective Date	Increase
Michelin	Feb 1, 2010	varies by brand, includes Michelin, BF Goodrich, Uniroyal and Private/Assoc. brands
Hankook	Jan 1, 2010	up to 5%
Toyo Tire	Jan 1, 2010	up to 6%
Pirelli NA	Jan 1, 2010	up to 4.5%
Kumho Tire USA	Jan 1, 2010	up to 8%
Yokohama	Jan 1, 2010	up to 6%
BATO	Jan 1, 2010	up to 5%
Continental	Jan 1, 2010	up to 5%
Nexen	Jan 1, 2010	up to 8%
Goodyear	Dec 1, 2009	up to 6%
Falken	Dec 1, 2009	up to 7%

Source: Modern Tire Dealer, December 18, 2009



## REPLACEMENT MARKET REBOUNDED

RMA members reported that replacement tire demand in the U.S. grew 9.3% year-on-year in December 2009, from a drop of 16% the year before.

Financial analysts pointed out that the overall market volume grew 6.1%, implying that domestic tire manufacturers (namely Cooper Tire and Goodyear) continued to experience market share gains. This is believed to be a result of last year's Chinese-made tire tariffs as Chinese produced tires reportedly occupied 16.6% of the US market in 2008.

Source: Tire Review, January 14, 2010

## DOMESTIC TRENDS

**Strong October.** "Supply is tight and fill rates are declining. .... As business is improving, production has been increased and utilization rates are moving higher and should reach full capacity during early 2010. Truck volume is still down, however."

**Low on inventory.** "(Consumer) inventory levels remain very low across the board; as such, both dealers and manufacturers are ramping up inventory in anticipation of stronger unit sales in the end of 2009 and 2010. Although increasing, several manufacturers noted inventories will not return to the high levels seen in both 2007 and early 2008."

**Chinese tariffs.** "Most dealers and distributors bought as much Chinese product as possible before the tariffs went into effect. After remaining flat to slightly down from March through June, Chinese passenger tire imports were up 23% and 33% in July and August, respectively, as Chinese manufacturers wanted to import as much product as possible before being hit with the tariffs.

"Prices on Chinese imported tires have risen in the range of 15-20%, which will mostly offset the tariff. As a result of the tariff, the spread between an entry-level tire and next level up has been compressed, making entry level Chinese products a more difficult sell for dealers."

**Mold movement.** "In addition to raising prices, Chinese manufacturers are now shipping product and moving equipment and molds to other countries. One manufacturer noted it is moving its equipment and molds to Taiwan and Thailand from its Chinese plants.

"We suspect Cooper Tire & Rubber Co. is shipping some tires from its Kenda joint venture to Europe and Mexico to offset the U.S.-imposed tariff. Although manufacturers are working hard to offset the tariff, most suspect there is not enough capacity and production in other countries such as Indonesia, Taiwan and Thailand to fully compensate for the duties imposed by the United States." Saul Ludwig, "Ludwig lists 'takeaways' from Las Vegas," Modern Tire Dealer, November 11, 2009