

**Testimony for Congressman Phil Hare (D-IL),**  
**July 8, 2008 USITC Hearing**

Chairwoman Arnoff, members of the Commission, it is a privilege to address you this week on a matter of utmost importance to me, my constituents in the 17<sup>th</sup> Congressional District, the economy of the state of Illinois, and to the future of manufacturing in America. I am here on behalf of the U.S. tire industry and its workers to advocate an affirmative decision by the ITC to provide relief from unfairly dumped and subsidized imports of certain off-the-road (“OTR”) tires.

One of the co-petitioners in this case, Titan International is headquartered in my district in Quincy Illinois, and is a critical leader in our regional manufacturing economy with over 1000 employees in the area. In addition to having its headquarters in my district, Titan International also does much of its research and development there. I have worked with the other co-petitioner, the United Steelworkers (USW) for many years to assure a level playing field internationally for American workers. As you know, the USW represents the employees at each of the Titan plants. I am proud to appear today on behalf of both the union and the management on this important trade case on off-the-road tires. Additionally, I appreciate the support that Bridgestone-Firestone, another major U.S. off-the-road tire producer, has offered to this case.

U.S. trade remedy laws are indispensable tools which guarantee a level playing field and a fair opportunity for American workers to compete against unfair foreign trade practices. Your invaluable work at the U.S. International Trade Commission (“USITC”) enforcing trade laws ensures all workers in my district and in our country have the opportunity to compete on a level playing field. For domestic OTR tire producers, proper implementation of trade remedies is an essential step to keeping the production facilities and high-wage manufacturing jobs, which are so essential to economies in districts like mine, securely on American soil.

The OTR tires addressed in this investigation are used on a wide variety of vehicles and equipment employed in agriculture, forestry, and construction, as well as industrial settings for hauling, towing, lifting, and loading. Despite recent increases in commodity prices and demand in the agriculture sector, which have correspondingly increased the need for OTR tires, the domestic industry’s financial performance remains weak.

Titan International is also a major supplier of OTR tires for the U.S. military. For decades, their wheels have carried the vehicles that help keep our fighting men and women safe in combat. However, in spite of increased production capacity and proven success, Titan has lost out on a number of defense procurement opportunities to cheaper foreign products. A U.S. company supplying the U.S. military is good for our economy and our national security, and ensuring a level playing field is vital to the future competitiveness of Titan and other domestic tire companies in our defense supply chain.

Madam Chair and members of the commission, our trade laws are meant to protect U.S. business and American workers from the dumping and subsidies that create these artificially low-priced imports. When you look at the facts in this case, the almost unavoidable conclusion is that material injury has occurred because of these unfair imports. Last year, the Department of

Commerce found that the Chinese government was unfairly subsidizing Chinese OTR tire producers, with subsidies of up to 20.3%. Similarly, early this year, Commerce determined that Chinese tire producers were also dumping tires with dumping margins ranging from a problematic 11% as high as a massive 210%.

As you can see, in recent years, American producers of OTR tires have faced a double hit as Chinese companies increased exports to the U.S. while benefiting from *both* government subsidies and dumped product at significantly below production costs. As you might expect, between 2004 and 2007, imports of these tires from China increased more than 80%, jumping from approximately 1.8 million to 3.2 million. By value, these imports increased 184 percent from \$114 million to \$324 million.

Clearly a surge in imports occurred during that period. And predictably, as subsidized and dumped imports increased, the U.S. industry lost market share. The data shows that U.S. OTR producers' market share declined from approximately 57 percent in 2004 to 46 percent in 2007. As a result of increasing volumes of low-priced imports, the domestic industry experienced steady declines in capacity utilization, U.S. shipments, quantity of net sales, and U.S. employment. This is particularly troubling in the 17<sup>th</sup> Congressional District, which has already been hard hit by unfair trade laws that sent good, high-paying manufacturing jobs overseas.

The preliminary antidumping and countervailing duty orders that were put in place in late 2007 and early 2008, helped level the playing field and the situation immediately improved for U.S. tire producers. Tire imports almost immediately decreased by 18% and then continued to decline 44% in the three months following Commerce's affirmation of the preliminary countervailing duty determination.

Furthermore, during the first three months of 2008, both U.S. OTR tire industry employment and production began to increase again. That means high-wage, high-skill jobs are being created again in this industry across the heartland of the United States – from Illinois to Iowa and Ohio. We know that these orders that you are considering today are restoring balance in the U.S. OTR tire market.

This is exactly how our trade laws are supposed to work. U.S. producers of OTR tires have no objection to free and fair competition. American industry and its workers, when provided a level playing field, can and do compete with anyone.

In conclusion, I am grateful for the opportunity to testify today. I thank you for your careful consideration of these important off-the-road tire cases. I am confident that your careful analysis will determine that material injury has occurred to this important segment of the U.S. tire industry. Titan International and the other petitioning companies are committed to manufacturing in the United States. However, absent relief, there is no question that the domestic industry will be threatened with increased harm by the import of dumped and subsidized OTR tires from China.

Make no mistake. The stakes are high for U.S. companies and their workers in this industry. I salute the United States International Trade Commission for the critical role it plays in

addressing unfair trade and preserving U.S. jobs and our country's industrial base. I urge you to affirm these important orders when you vote on August 11<sup>th</sup>.

Thank you.