

**Key Facts for United Steelworker’s (USW)
Passenger Vehicle and Light Truck Tires from China
Antidumping and Countervailing Duty Petitions
Filed – June 3, 2014**

- The petitions cover passenger vehicle and light truck (PVLТ) tires from China. The coverage of the case is essentially the same as the petition for relief filed by the Steelworkers under Section 421 of the trade laws. President Obama provided relief to the industry for the period from September 2009 – September 2012. That effort was a real success, helping to stem the flood of Chinese PVLТ tires that had caused significant harm to the U.S. tire industry and its workers, resulting in multiple plant closures and lost jobs.
- But, imports of passenger vehicle and light truck tires from China have again surged back into the U.S. market in recent years. With China no longer subject to Section 421 relief, it has once again targeted the U.S. market for its exports, with imports skyrocketing to more than 50.8 million tires last year. In the first three months of 2014, imports from China have surged an additional 24.6 percent.

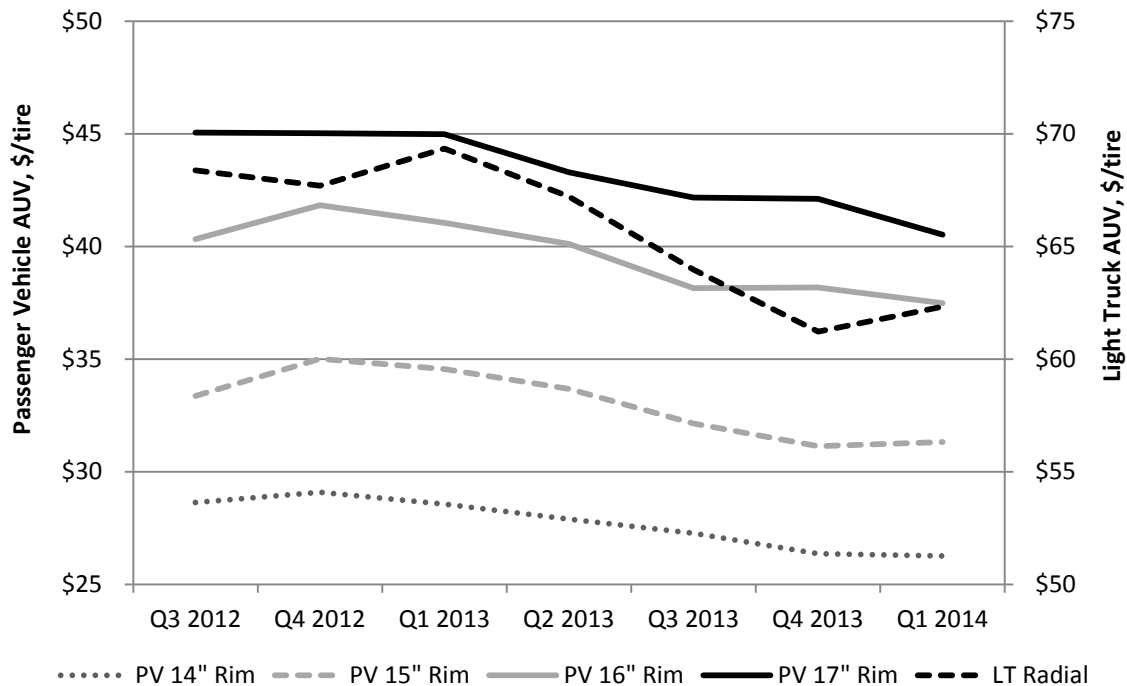
U.S. Imports of PVLТ tires from China

	2011	2012	2013	Q1 2103	Q1 2014
Customs Value	\$968,099,864	\$1,266,068,467	\$2,077,678,896	\$437,749,975	\$510,435,378
Number of Tires	24,566,033	31,484,889	50,832,749	10,269,594	12,793,105

- From 2011 to 2013, China more than doubled its share of the U.S. market, from 9 to 18 percent. The gain in China’s market share was at the direct expense of U.S. workers and domestic producers, whose market share fell from 47 to 40 percent over the period, with China squeezing out other imports as well.
- The petitions demonstrate that these surging tire imports are being aggressively subsidized by the Chinese government and being dumped in the U.S. market at prices below their fair value.
- The petitions identify 41 different subsidy programs available to tire producers in China, including numerous prohibited export subsidies. Based on the limited information publicly available about these programs, the petitions estimate that a Chinese tire producer benefitting from these programs may be enjoying subsidy benefits equal to 25 percent or more of its sales revenue.

- In addition, the petitions demonstrate that there is massive dumping of Chinese tires on the U.S. market, with estimated dumping margins ranging as high as 92 percent.
- The petitions demonstrate that unfairly traded Chinese tires have been gaining market share at the expense of domestic producers through aggressive price depression and underselling.
- Publicly available price information from tire retailers indicates Chinese tires are undercutting U.S. tires by margins of 12 to 40 percent.
- In addition, average unit values for imports from China have been falling in absolute terms since the safeguard relief terminated in September of 2012.

Quarterly Average Unit Values of
Five Highest Volume Tire HTS Categories from China



- Domestic tire producers are losing market share rapidly in the last two years as their domestic shipments have been curtailed by the growth in imports from China.

Volume of Imports and Domestic Shipments, based on RMA Data

<i>Million Tires</i>	2011	2012	2013	11 to 13
China Imports	24.57	31.48	50.83	+106.88%
Domestic Shipments	123.29	116.53	108.71	-11.83%
China Share	9.36%	11.97%	18.40%	+9.04%
Domestic Share	46.90%	44.26%	39.46%	-7.44%

Volume of Imports and Domestic Shipments, based on MTD Data

<i>Million Tires</i>	2011	2012	2013	11 to 13
China Imports	24.57	31.48	50.83	+106.88%
Domestic Shipments	125.59	118.22	111.51	-11.21%
China Share	9.26%	11.88%	18.27%	+9.01%
Domestic Share	47.36%	44.61%	40.07%	-7.29%

- There have already been employment reductions at U.S. plants as imports from China have surged.
- These trends are only likely to worsen in the near future. From 2006 to 2012, China increased its tire production volume by 68 percent, and much of this is destined for export markets, especially the U.S. Tire makers budgeted an estimated \$1.4 billion towards increasing tire production in China in 2013 alone.
- If these trends are allowed to continue, U.S. producers may lose another 10 million tire shipments to Chinese imports in 2014. Such a loss of production volume would be enough to put any of a number of U.S. facilities, and many USW members' jobs, in jeopardy this year.