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Press Contact: Roy Littlefield
301-430-7280

Tire Industry Association Expresses Disappointment With President's Decision Concerning Chinese Tire Tariff

Bowie, MD – The Tire Industry Association (TIA), one of the world's leading authorities on tires and wheels, today announced they are deeply disappointed with President Obama's decision late Friday night to impose a tariff on passenger and light truck tires imported from China.

While it appears China will pursue talks with the World Trade Organization (WTO) on this decision, the tariff will take effect September 26, 2009. Under the 421 Safeguard provisions, the President can revisit the decision after 6 months, and go back to the ITC and modify, remove or leave in place the decision.

“**TIA** believes this was a politically motivated decision that will end up costing more jobs than it saves. These tariffs will not bring back the jobs that the union claims have been lost; it will not create any new tire manufacturing jobs, and it will most likely result in the loss of thousands of retail tire industry jobs here in the U.S., affecting everyone from the shop that services your tire to the tire wholesalers – many of whom are small businesspeople struggling to stay afloat in this economy. This, all during a time when we can ill afford to be losing more U.S. jobs,” said **TIA** Executive Vice President Roy Littlefield.

Littlefield went on to say, “The tire manufacturers made the decision years ago to shift production of these lower-cost tires out of the U.S. All this action will do is force the tire manufacturers to shift production of these lower-cost tires to other countries, such as Brazil and India. The bottom line here is that despite what the union and the President believes, these jobs are not coming back, and now we can expect more job losses here in our already struggling economy.”

Below is a brief discussion of some of the pertinent questions and **TIA**'s answers concerning this decision:

What was decided?

On Friday, President Obama made a decision to raise tariffs for three years on passenger and light-truck tires imported from China, most of which are in the lower-cost segment. The tariffs are scheduled as follows: 35% in the first year, 30% in the second and 25% in the third.

How many tires are shipped from China to the U.S.?:

Unfortunately, **TIA** does not have any information on this. However, the *Washington Post* recently printed some figures: from \$453 million in 2004 to \$1.7 billion in 2008. That boosted China's share of the U.S. market from 5 % to 17%.



Maryland Office:
1532 Pointer Ridge Place 800.876.8372
Suite G 301.430.7280
Bowie, Maryland 301.430.7283 f
20716-1883

What is the next step?

There is no “appeal” process in the World Trade Organization (WTO). China will be pursuing a WTO violation, and the process could last longer than the tariffs themselves. The tariffs will be imposed 9/26 regardless.

Can the President reconsider his decision?

Under the 421 Safeguard provisions of the WTO, the President can revisit the decision after six months and go back to the ITC and modify, remove or leave in place the decision.

Why is TIA opposed to the tariffs?

This tariff will not be a “job saver;” rather, when you take into account the thousands of tire industry jobs – from the technician who services tires, to the tire shop owner (many of whom are small businesspeople) to the tire wholesalers, we predict it will be a “job killer.” A study by economics professor Thomas J. Prusa of Rutgers University found that American workers in the tire distribution and installation sectors, “have every reason to be concerned about their future. The punitive tariff on Chinese tires would lead to a loss of at least 25,000 U. S. jobs.”

How does this affect the consumer?

This tariff will price these tires out of reach of many consumers, and will lead to a tightening in the remaining supply of lower-cost tires. Also, given that the lower-cost tires imported from China help those most vulnerable in this current economy – working-class citizens – we are deeply concerned that many consumers may delay or even defer replacing their tires when necessary, thus creating a potential safety hazard on America’s roads.

About TIA:

TIA is an international association representing all segments of the tire industry, including those that manufacture, repair, recycle, sell, service or use new or retreaded tires, and also those suppliers or individuals who furnish equipment, material or services to the industry. The Tire Industry Association (TIA) has a history that spans more than 80 years and includes several name changes. Originally known as the National Tire Dealers & Retreaders Association (NTDRA), the organization gave birth over the years to the American Retreaders Association (ARA) and the Tire Association of North America (TANA). ARA changed its name to the International Tire & Rubber Association (ITRA) and merged with TANA in 2002 to form the current Tire Industry Association (TIA), which now represents every interest in the tire industry.

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