



## Panel Rules Against Chinese Tire Imports

Union President Leo Gerard said that he hoped President Obama would keep his campaign pledge to crack down on unfair trade practices such as China's. [Reuters on June 18](#) quoted Gerard as saying that "our domestic industries cannot survive unless our government enforces the trade laws that are designed to curb and dissuade anti-competitive practices that cause market disruptions." Citing plant closures by Goodyear, Continental Tire, and Bridgestone/Firestone, the union wants Obama to establish an import limit of 21 million Chinese tires per year, with a five percent increase for each of the following three years.



Some U.S. tire dealers are against the quotas. Jim Mayfield, president of Del-Nat Tire Corp., [told Modern Tire Dealer](#) that his business has been forced to import large quantities of foreign tires because U.S. tire makers have stopped producing the products he needs. Mayfield says this began before the surge of Chinese-made tires, and names Michelin Americas Small Tires as one company which stopped providing tires for Del-Nat in 1998. He thinks an import quota on Chinese tires will hurt companies like his, and only force these companies to seek out tires from other countries with low manufacturing costs.

Vic Delorio, the executive vice president of Chinese tire maker GITI, was disappointed with the ruling and agrees with Mayfield that U.S. manufacturers will turn to countries other than China: "If there is a barrier placed on tires produced in China, we believe that U.S. manufacturers will simply increase importation of tires from other countries, such as Poland and Venezuela." Delorio added: "We also believe that quotas or tariffs will lead to higher costs for American consumers."

The cost to American consumers is not the only issue; the value for the money spent can be a matter of life and death. About two years ago, the *New York Times* [reported the recall](#) of 450,000 Chinese-made tires that were missing a safety feature to prevent separation. Any money saved purchasing these tires may well have been made up in car repair or hospital bills if the tires separated at highway speeds. Complaints from GITI's Delorio and Del-Nat's Mayfield would not carry as much weight if it turned out that the tires they deal in were allowing a hefty profit margin on a substandard product. Apparently there are no recalls at this time, but the old sage advice to "let the buyer beware" applies to Chinese tires as much as anything else.

Also worthy of consideration is how the Chinese manufacturers maintain such a low cost of production. The Alliance for American Manufacturing hailed the trade commission's ruling as "good news," and said in a statement: "As with so many other manufactured products from China, its tire industry benefits from illegal government subsidies, labor exploitation, lax environmental standards, and illegal currency manipulation. As a result, U.S. producers, who play by the rules, can't fairly compete."

Faced with the choice of supporting either a Chinese or a U.S. tire maker, American consumers will



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have to decide whether lower costs or higher principles are driving their decision.



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