Many jobs ride on a fairer trade policy

BY Robert E. Scott
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Surging imports of tires from China are decimating U.S. jobs and production. Chinese tire imports have more than tripled in the last four years, including more than 46 million tires in 2008 alone. More than 5,100 tire industry jobs have disappeared since 2004, and another 3,000 cuts have been announced for this year. It doesn't have to be this way, and President Barack Obama has the tools to fix this problem.

On Sept. 17, the Obama administration can launch a new U.S. trade policy. That is the deadline for the president to decide whether to accept a recommendation from the independent, bipartisan International Trade Commission to impose temporary tariffs on the surge of Chinese tire imports.

On the campaign trail, President Obama outlined the basis for a new, progressive U.S. trade policy, promising to renegotiate North American Free Trade Agreement, vigorously enforce domestic trade laws, tackle unfair practices like currency manipulation and protect workers' rights and the environment in trade accords.

Trade law enforcement is a key component of this agenda. Vigorous enforcement sends a powerful signal to trading partners that breaking the rules now will have consequences. Most important, a strong enforcement agenda will preserve and strengthen our manufacturing base so we can compete in the growth areas of the future.

The tires case arises under a Section 421 of our trade law, which Congress created before China's entry into the World Trade Organization in 2001. Concerned that deep distortions in China's economy could result in damaging import surges after it joined the WTO, Congress demanded a special safeguard to combat such surges while China continued to reform its economy. China agreed to the provision.

Eight years later, China's government continues to deploy massive subsidies, manipulate its exchange rate, impose export requirements and use many other policies to stimulate exports, distort competition and seize markets. China is the largest single contributor to the U.S. trade deficit, which has cost us 4.6 million U.S. manufacturing jobs and threatens the loss of vital industries.

For those eight years, the U.S. government simply refused to enforce the rules China agreed to, including Section 421. The Bush administration rejected four ITC recommendations to provide relief under Section 421, finding that access to cheap consumer goods was more important than American manufacturing.

The tire case provides Obama his first opportunity to change that approach. The benefits of providing relief in this case are significant. The ITC found that relief would enable U.S. producers to regain profitability and maintain and create jobs, while imposing only minimal costs on consumers. The relief would give U.S. producers the time and the resources needed to upgrade plants and equipment, develop joint labor-management strategies to improve productivity and place themselves in a stronger position to compete once the tariffs are lifted.

Without relief, the consequences will be dire. More plants will close and thousands of tire-making jobs will be lost. To understand the cost of losing these jobs, you need to understand just how valuable manufacturing jobs are. Manufacturing supports large numbers of upstream suppliers, pours research and development investment into the economy and stimulates innovation.

With their high productivity, manufacturing jobs pay good wages and provide needed benefits. Moreover, 35,000 retirees and their families depend on the tire industry for their retiree health care benefits; when that industry can't compete because of imports from China, it puts those important benefits at risk.

Manufacturing jobs are the backbone of the middle class, supporting entire communities in many areas of the nation. Every job in the tire-and-rubber industry supports an additional 2.4 jobs in supplier industries and through respending of wages earned by those workers.

This is bang for your buck we just cannot get by creating a new job at Wal-Mart, or even on Wall Street.

The Obama administration should seize the opportunity this case presents and impose the duties recommended by the ITC. The president can send a message that our jobs and industries aren't at the mercy of aggressive and distorted trade policies that our competitors practice. Most important, he can start to build a new consensus on a smart trade policy that nurtures innovation, revitalizes industries, and spreads the benefits of trade to workers and their communities.

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