

As Tire Decision Nears, Rhetoric And Lobbying Ramp Up

by Peter Cohn
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The prospect of union-backed tariffs on tire imports from China could loom large over this week's visit to Washington by a top Chinese lawmaker.

Wu Bangguo, chairman of the Standing Committee of China's National People's Congress, was to meet today with House Speaker Pelosi, as well as Senate Majority Leader Reid and Minority Leader McConnell. No meeting was scheduled with President Obama at presstime, the White House said, although the state-run China Daily reported such a meeting was on the agenda.

Wu's visit, billed as the first in two decades by a head of China's legislature, comes at a time when trade ties between the United States and China are threatening to become severely strained. Obama faces a Sept. 17 deadline for his decision on whether to accept recommendations by the International Trade Commission to impose additional tariffs on Chinese tire imports of up to 55 percent in the first year.

That would be a steep hurdle to what amounted to roughly \$2 billion worth of Chinese exports last year, and Chinese officials have repeatedly said new tariffs could lead to a trade row. Chinese industry representatives have urged their government to retaliate, which some believe might affect U.S. automotive exports and agricultural goods such as soybeans and pork.

The Automotive Trade Policy Council, which represents Ford Motor Co., General Motors Corp. and Chrysler LLC, has petitioned Trade Representative Kirk to exempt tires designed for new cars from the tariffs, which already would apply mainly to lower-cost replacement tires.

The group's president, Stephen Collins, said the industry's position remains unchanged despite reports of retaliation against U.S. vehicle exports. "I think that, frankly, this messaging is being sent from government to government," he said. "This is pre-decision-making and I think some of this happens regularly. We certainly would hope automotive exports wouldn't become involved in the dispute."

U.S. farm groups are beginning to weigh in amid concerns their exports could be targeted. Thirty-four trade associations wrote to Kirk last week -- as he was finalizing his confidential recommendations to Obama -- urging him to oppose tariffs. They noted that the China Rubber Industry Association has said it would seek retaliatory actions against U.S. pork and soybean exports.

"Although pork and soybeans have been mentioned as candidates for such action, any U.S. product exported to China is vulnerable," states the letter. "The already dire situation in several of these sectors would be compounded if their export opportunities to China were to be further eroded. For some, the Chinese market is the difference between profitability and possible bankruptcy."

The letter was signed by groups including the National Pork Producers Council, American Soybean Association, National Corn Growers Association, and National Cattlemen's Beef Association.

This week a new lobbying group announced it was forming -- called the Trade Alliance to Promote Prosperity -- in part to play up concerns about retaliation against unrelated U.S. industries. "I was wondering why others hadn't been more vocal," said the group's executive director, Patrick Rosenstiel. "For a long time this was a discussion about tires ... but it's much bigger."

Rosenstiel, a longtime GOP campaign consultant and public relations official, said the group was in the midst of filing its advocacy paperwork and was not prepared to disclose its funding sources. He took particular aim at United Steelworkers union president Leo Gerard, whose group filed the initial petition urging action to block Chinese tire imports. The Steelworkers merged with the tire and rubber workers' union in 1995.

"The protectionist rhetoric out of union presidents like Leo Gerard and some of his extremist allies in Congress is frankly irresponsible and dangerous," Rosenstiel said, citing recent comments by Gerard labeling the Chinese "world-class bullies" and comparing working conditions in that country to "modern slavery."

A Steelworkers spokesman said it was hard to take a group seriously that does not disclose its financial backing. "Who is their sponsor and where is their funding from? Certainly President Gerard is somewhat amused by their attacks, but at this moment there's very little disclosure," said USW spokesman Gary Hubbard. "As they always say, 'follow the money.' "