

Cooper, Toyo Oppose Bid for U.S. Tariffs on China Tire Imports

By Mark Drajem
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Cooper Tire & Rubber Co., the second-largest U.S. tiremaker, said it opposes levying tariffs on Chinese tires, breaking with its union workers who asked President Barack Obama to cap surging imports.

Cooper was joined by the U.S. unit of Osaka, Japan-based Toyo Tire & Rubber Co., which has a plant in Atlanta. Both companies said the tariffs would prevent them from importing low-cost tires that they make in China to complement the premium tires they make in the U.S.

“Cooper Tire invested in China because it could not compete on costs with lower-cost tires being imported by other U.S. producers and importers from many different countries, not just China,” the Findlay, Ohio-based company said in a filing to the U.S. Trade Representative’s office. “The tires produced in China are made at a lower cost and allow Cooper Tire to even- out its overall production costs.”

Cooper said it can make tires cheaper in China because of lower costs for labor, raw materials and litigation.

The comments were made in filings to the U.S. Trade Representative’s office, which is scheduled to make its recommendation next week to Obama about whether he should rule in favor of a petition by the United Steelworkers union and impose tariffs or quotas on Chinese imports.

The independent U.S. International Trade Commission recommended that he impose duties for three years, starting at 55 percent the first year. Tariffs that steep would effectively block imports of tires from China, Cooper and Toyo said in their undated filings to the trade office.

Goodyear Tire & Rubber Co., the largest U.S.-based producer, has not taken a position on the case, with the company saying it supports “free and fair trade.” Akron, Ohio-based Goodyear also has a plant in China, but imports from China represent less than 2 percent of the tires sold in North America, Keith Price, a spokesman, said in an email on Aug. 7.

First Test

The steelworkers union, which represents 15,000 employees at 13 tire plants in the U.S., filed a petition in April asking for quotas on the tire imports, which are valued at \$1.7 billion a year.

Obama pledged during the election campaign to take a harder line against Chinese trade barriers. The so-called safeguard decision, which Obama must make in September, will be the first test of those campaign pledges. Former President George W. Bush, turned down every request for general safeguards, saying they would do more harm than good to the U.S. economy.

Cooper, which had taken a neutral stance on the petition before its filing to the trade office last week, said it did so “because of the need to maintain good relations with the USW and its members who work for Cooper Tire.”

Gary Hubbard, a spokesman for the Steelworkers, said the petition by Cooper shouldn’t affect Obama’s decision.

“We have a name for this process: the race to the bottom,” Hubbard said in an email. “We filed this case to put the brakes on that race to the bottom so our domestic industry would have the chance to regroup, recover, and invest in its future.”

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