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Subject: ED LS: Gov. Haley raises concerns over Chinese Tire Tariffs (3 articles)

S.C. Gov. Haley raises concerns over Giti Tire tariff

By Don Worthington
dworthington@heraldonline.comDecember 18, 2014 Updated 12 hours ago
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By Don WorthingtonThe_Herald

ANDY BURRISS — aburriss@heraldonline.com Buy Photo

New tariffs placed by the U.S. Department of Commerce on tires manufactured in China – including those made by Giti Tire – have raised concerns in South Carolina.

Gov. Nikki Haley wants commerce department officials to reconsider the 17.69 percent tariff targeted for Giti, which plans to build a plant in Chester County. Haley, in a Tuesday letter, said the tariff "inequitably affects Giti's business."

Chester County's economic development director, Karlisa Parker, said officials there have discussed the pending tariff.

But, she said, the company has indicated the tariff would not threaten plans to build a $560 million plant off S. C. 9 near I-77. The plant is expected to employ 1,700 workers.

The U.S. Department of Commerce imposed the tariffs to offset subsidies the Chinese government gives to tire manufacturers in that country.

The United Steelworkers union and others believe the Chinese subsidies lower the prices of Chinese-made tires sold in the United States, which threatens the jobs of U.S. tire workers.

Giti's tariffs are 2 percentage points higher than all but two other Chinese tire manufacturers. The tariff is in addition to an existing 4 percent duty. The tariffs were imposed on Dec. 1, but a decision on the final rates is expected in April.

While Giti's headquarters are in Singapore, the company has seven plants in China.

In her Tuesday letter, Haley asked the commerce department to revise Giti's rate quickly. The letter doesn't

specify what the rate should be.
"I urge Commerce to quickly resolve this issue before it inequitably affects Giti's business as they build their new facility in our state."
A final tariff decision is scheduled to be made by April 16.
Chaney Adams, Haley's press secretary, said Thursday, "Governor Haley has always said we have to take care of our businesses and workers, Giti is a company that will take care of a lot of our families, and so when she became aware of the tariff situation, it was important to her to contact the Obama administration directly."
Chinese tire exports to the U.S. have more than doubled in recent years, according to the commerce department. Domestic production during the same period has fallen 11 percent.
The United Steelworkers union petitioned the U.S. Department of Commerce for the tariffs, claiming cheap Chinese tires are costing U.S. workers jobs.
The steelworkers union estimated U.S. producers would lose another 10 million tires because of Chinese imports in 2014 and that loss "would be enough to put any of a number of U.S. facilities and many (union) members' jobs in jeopardy."
Giti has discussed the tariff rate with the Department of Commerce. Haley wrote that she was encouraged by what Giti officials told her of the latest meeting with commerce department officials.
Giti officials said plans to build the Chester County plant show their commitment to manufacturing and distributing American-made tires. The plant, Giti officials have said, shows they do not intend to harm the U.S. tire industry.
The tariff, or more formally a countervailing duty, is separate from an anti-dumping investigation by the Department of Commerce of claims that Chinese-made tires are being sold at below fair market prices in the United States.
Some industry observers say the combination of countervailing duty and anti-dumping penalties could drastically increase the price of tires imported into the U.S. from China. The average price of a Chinese-made tire exported to the U.S. is about $36, according to the Department of Commerce.
Giti officials have said they "compete fairly" with sales in more than 100 counties. Giti brands include GT Radial, Primewell, Dextero and Runway.
Giti recently purchased an 1,100-acre site between between S.C. 9 and the Old Richburg Highway near I-77 for its Chester plant. The sales price was not disclosed. The company anticipates holding a groundbreaking ceremony in January with the plant tentatively scheduled to open in the first quarter of 2016.
Giti expects to eventually make about 30,000 passenger and light-truck tires daily.
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Read more here: http://www.heraldonline.com/2014/12/18/6639144_sc-gov-haley-raises-concerns-over.html?rh=1#storylink=cpy

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US Hits Chinese Tires With First Round Of Tariffs

Share us on:By **Alex Lawson**
Law360, New York (November 24, 2014, 5:13 PM ET) -- The U.S. Department of Commerce on Monday determined that the Chinese government has been providing its tire producers with illegal subsidies and handed down a preliminary set of countervailing duty margins aimed at giving relief to U.S. producers.

Commerce's International Trade Administration hit Chinese producers with preliminary countervailing duty rates ranging from 12.5 percent to 81.29 percent, totals that could climb higher as the investigation moves forward. The margins unveiled Monday are the first round of duties in the case **filed** by United Steelworkers.

"As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates," the agency said in a brief fact sheet summarizing its decision.

Along with the subsidy allegations, Commerce is investigating the union's claims that the Chinese tries are being sold in the U.S. at unfairly low price. It is **slated to make its preliminary findings** for the anti-dumping duty margins in that probe by Jan. 20.

Monday's determination came down particularly hard on Shandong Yongsheng Rubber Group Co. Ltd., which was tagged with an 81.29 percent countervailing duty margin. Respondents GITI Tire Fujian Co. Ltd. and Cooper Kunshan Tire Co. Ltd. earned margins of 17.69 percent and 12.5 percent, respectively, while all other Chinese shippers were hit with a 15.69 percent margin.

Commerce also determined that "critical circumstances" exist with regard to certain Chinese imports, which occurs when exporters race to get as many shipments in to the U.S. as possible before a case is file. That ruling means Commerce will collect duties on retroactive basis dating to 90 days prior to the filing of the petitions.

"The petitioners are pleased with the preliminary results," Terence Stewart, a Stewart and Stewart partner who represents the union, told Law360. "As we had suspected, there are significant countervailable subsidies that have been identified."

Stewart also applauded Commerce for its critical circumstances finding, as well as several of the agency's decisions on the scope of the products covered by the case.

The union has moved to shield domestic tire producers from the Chinese exports that they claim are earning an unfair advantage because of their pricing practices and government support. The domestic tire market was protected for years by a first-of-its-kind safeguard order on Chinese imports that was **approved by the Obama administration** in 2009.

But imports of passenger vehicle and light truck tires from China have skyrocketed again since the safeguard order was lifted in 2012, prompting USW to request remedial tariffs from Commerce.

Commerce expects to wrap up its investigations by April 6, at which point the case will shift to the U.S. International Trade Commission, which must determine if domestic tire producers are being injured by the dumped and subsidized Chinese imports.

An attorney for Cooper Kunshan declined to comment on the case and attorneys for the other respondents could not immediately be reached for comment Monday.

USW is represented by Terence P. Stewart, Geert De Prest, Elizabeth J. Drake, Philip A. Butler, Jennifer M. Smith, Stephanie M. Bell and Nicholas J. Birch of the Law Offices of Stewart and Stewart.

GITI is represented by Matthew J. McConkey of Mayer Brown LLP. Cooper Kunshan is represented by Gregory C. Dorris of Pepper Hamilton LLP.

The investigations are Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China, case numbers A-570-016 and C-570-017, before the U.S. Department of Commerce's International Trade Administration.

--Editing by Katherine Rautenberg.

US to Apply Tariffs to Chinese Tires

Posted by: Istvan Liptak November 27, 2014in Global News

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The United States Commerce Department issued a preliminary finding on Monday that usual Chinese tires destined to be used on passenger cars and light trucks were unfairly subsidized, threatening to harm the American tire industry by moving jobs to China. Thus, the Department has decided to impose punitive tariffs on Chinese tires, ranging from 17.7% to 81.3%, depending on the manufacturer, the Wall Street Journal reports.
The trade case was initiated by The United Steelworkers, an organization that represents over 28,000 tire workers. The union claims that Chinese tires imported last year benefited from government subsidies and were sold at a dumping price on the US market, below fair value. The preliminary findings of the US Commerce Department were commended by the union. According to statistics, Chinese shipments of tires have grown in value from $968 million in 2011 to $2.1 billion in 2013. At the same time the average price of US tires has decreased by 3%.
Goodyear Tire & Rubber Co. has last month reported a 4% drop in its tire sales in North America for the third quarter of this year. According to the company, dealers were filling their warehouses with cheap Chinese tires in anticipation of the trade action to be taken by the US. This is not the first time the US imposes punitive taxes on tires delivered by Chinese manufacturers – the previous action took place five years ago, also based on a complaint by the United Steelworkers. The action has expired in the meantime, though. If the action is confirmed next year, Cooper Kunshan Tire Co. Ltd, the Chinese unit of the US based tire manufacturer Cooper Tire & Rubber Co. will face a 12.5% duty on all tires shipped in the US.
Five years ago, when the US introduced its first punitive tax action against Chinese tire manufacturers, the country has threatened the US with its own trade restrictions in response, on auto parts and chicken meat. The Chinese Embassy in Washington is yet to comment on the matter.

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