

**U.S. DEPARTMENT OF COMMERCE
PUBLIC HEARING ON SECTION 232
NATIONAL SECURITY INVESTIGATION OF
IMPORTS OF STEEL
May 24, 2017**

ORAL TESTIMONY OF

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On behalf of the member companies of the U.S. Tire Manufacturers Association (“USTMA”),¹ I appreciate the opportunity to submit testimony to the Section 232 National Security Investigation of Imports of Steel. USTMA represents ten tire manufacturers with manufacturing operations in the United States. USTMA’s membership includes: Bridgestone Americas, Inc.; Continental Tire the Americas, LLC; Cooper Tire & Rubber Company; The Goodyear Tire & Rubber Company; Kumho Tire U.S.A., Inc.; Michelin North America, Inc.; Pirelli Tire North America; Sumitomo Rubber Industries; Toyo Tire Holdings of Americas Inc.; and Yokohama Tire Corporation. In the United States, USTMA members employ nearly 100,000 workers, operate 55 tire-related manufacturing facilities in 19 states and generate over \$27 billion in annual sales.

Tire manufacturing is vital to the U.S. economy. Tires manufactured by USTMA members safely transport millions of Americans and millions of tons of goods each day throughout the United States. USTMA members have a direct interest in the Section 232 National Security Investigation of Imports of Steel. Virtually all of the steel wire rod used to manufacture tire cord that is consumed in U.S. tire manufacturing plants is sourced from foreign suppliers due to the stringent performance and quality requirements of tire manufacturing, as well as quality and supply limitations of domestic steel wire rod

¹ Effective May 23, 2017, the Rubber Manufacturers Association, the national trade association for tire manufacturers that produce tires in the United States, has officially changed its name to the U.S. Tire Manufacturers Association (USTMA).

suppliers. It is our understanding that electric arc furnace technology, used in domestic steel mills, is unable to produce consistently the quality of tire cord-quality wire rod necessary to make tire cord for use in tire manufacturing. Tire cord-quality steel wire rod is produced using basic oxygen furnace technology, which is employed by foreign wire rod suppliers, and is a product that cannot be supplied in the volume and under the quality necessary for military and civilian applications by domestic producers.

Depending on the outcome of the Section 232 National Security Investigation of Imports of Steel, potential remedies could have a significant negative impact on the U.S. tire manufacturing industry. In particular, any action that curtails the availability of the supply of tire cord or tire cord-quality steel wire rod would affect U.S. tire production. Any such trade constraint could potentially have a cascading negative impact on U.S. commerce, since the transportation industry and the military depend on a reliable supply of tires to ship goods throughout the country. In addition, the U.S. military depends on the tire manufacturing industry to supply tires to protect our national security.

Tires contain a number of highly engineered components, including high carbon steel. The steel wire in tires is manufactured using SAE 1080 or higher steel wire rods (often called "tire cord-quality wire rod"), which are drawn into steel wire to meet exact specifications (or "tire cord" and "bead wire"). Tire manufacturers use this steel wire in a tire's steel belts, providing strength, high load-carrying capacity, puncture resistance and durability, and in the bead, which holds the tire to the rim. SAE 1080 and higher tire cord-quality wire rod contains a minimum of 0.80 percent carbon content, a low manganese content, between 5.0 mm and 6.5 mm in diameter and is generally free from defects. The high carbon content and consistent surface quality are required to assure performance to stringent tire performance requirements. All types of modern tires designed for highway use contain steel belts and steel beads, including passenger, light truck and truck/bus tires. However, truck/bus tires contain a greater percentage of steel, due to the more demanding load and durability requirements of heavier

vehicles. Military and related vehicles have intrinsically demanding durability requirements, in light of the need to operate such equipment in extreme conditions around the world.

Tires sold in the United States are self-certified by tire manufacturers to meet U.S. Federal Motor Vehicle Safety Standards set by the National Highway Traffic Safety Administration. Federal Motor Vehicle Safety Standard No. 139 applies to passenger and light truck tires made after September 1, 2009 for use on vehicles that have a gross vehicle weight rating (GVWR) of 10,000 pounds or less and that were manufactured after 1975. Generally recognized as the most stringent tire performance standard in the world, FMVSS No. 139 was promulgated in response to the Transportation Recall Enhancement, Accountability and Documentation (or TREAD) Act enacted in October 2000. Among other requirements, FMVSS No. 139 mandates that tires sold in the United States perform to meet the specifications of the endurance low pressure test, which requires a tire to run for 34 hours at increasing loads on a test wheel, then run for two additional hours on the test wheel after being significantly deflated. Adherence with FMVSS No. 139 necessitates tire construction to be robust, puncture resistant and resistant to the effects of load and heat, demanding high quality materials, including high carbon steel. Similarly, truck and bus tires sold in the United States must meet FMVSS No. 119, which includes tests for strength and high-speed performance. Additionally, truck/bus tires must meet customer and vehicle requirements for substantial load-carrying capacity to meet the demand of a diverse array of vehicles. As well, passenger/light truck and truck/bus tires are designed to contribute to vehicle fuel economy by reducing vehicle weight and lowering the tire's rolling resistance. Tire cord made from high quality, high carbon steel is vital to maintaining tire safety and performance.

Given the unique needs of tire manufacturers to have continuous, consistent supply of tire cord made from tire cord-quality steel wire rod (Grade SAE 1080 and higher steel), USTMA respectfully requests that the U.S. Department of Commerce exclude from the Section 232 National Security

Investigation of Imports of Steel the specific Harmonized Tariff System (HTS) codes corresponding to the steel products necessary for the production of tires. In particular, USTMA asks that the following HTS codes be excluded from the Section 232 National Security Investigation of Imports of Steel:

- 7213.91.3011: Tire cord-quality steel wire rod
- 7312.10.1030: Tire cord
- 7217.30.4530, 4560, 4590: Bead wire

Tariffs or quotas on these products would significantly disrupt the production of tires in the United States, due to quality and supply limitations in domestically producing tire cord-quality steel rod to replace imported products. A disruption in tire manufacturing in the U.S. would harm the U.S. economy, since consistent tire supply is critical to the nation's shipping and commerce needs, and threaten national security, since the U.S. military relies on the tire industry to provide high performing and durable tires to aid in our national defense.