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**South Carolina Plant Suffers Layoffs at Hands of Corporation Despite PPP Loans**

A South Carolina tire factory owned by a global corporation received a substantial loan from the Small Business Administration for pandemic relief while many genuinely small businesses — especially those owned by people of color and women — were unable to access the program.

Despite the generous loan, Giti Tire furloughed all of its workers for about one month and many workers were laid off permanently, according to [a new study](https://ourfinancialsecurity.org/2021/03/32226/).

"The Trump administration retroactively added corporate loopholes that allowed major corporations to legally tap into the PPP, while downplaying the access problems and relief needs of true small businesses," said **Didier Trinh, government affairs director of Main Street Alliance**. "Small businesses in South Carolina and across the country were sent to the back of the line when seeking loans through private lending institutions, while companies with easy access to corporate dollars and public money swooped in. This example just further underscores the urgency of a recovery and reinvestment strategy that builds an equitable small business economy — starting with targeted grants to small businesses."

The Giti Tire USA factory obtained an $8 million loan under the Paycheck Protection Program even though its Singapore-based corporate parent had annual revenues of over $3 billion and a global workforce of 33,000, according to the report, which was released by Americans for Financial Reform Education Fund, Good Jobs First, Main Street Alliance, and South Carolina Appleseed Legal Justice Center.

The program was intended to provide a lifeline to small firms that did not have access to resources so they could keep their workers employed. Giti Tire’s affiliation with a large global company appears to make it ineligible for the program, but the Trump administration implemented a retroactive loophole that shields the firm from any enforcement efforts.

“As with so much pandemic relief under the previous administration, large players — the corporations, the banks, and the big-time investors — benefited the most” said **Patrick Woodall, senior researcher at AFREF**. “The rules were not designed to make helping everyday people a priority. Future COVID-19 relief programs need to have a strong focus on helping workers, not funding corporations with few strings attached.”

The PPP money Giti Tire received was on top of at least $60 million the company received in taxpayer subsidies from South Carolina to build the factory that opened in 2017. State corporate tax giveaways like the corporate subsidies to Giti Tire undercut essential services. The school district of Chester County, where the factory is located, lost $15 million to corporate tax abatements — or about $3,000 per student — in a district where nearly one-third of children live in poverty.

“Structural flaws and lax oversight allowed corporations to extract millions from the PPP. Giti Tire is the perfect example of how these flaws harmed workers, women and minority borrowers, and actual small businesses,” said **Mellissa Chang, research analyst at Good Jobs First**. “Congress has made minor tweaks to the PPP, but these changes do nothing to stop corporations from continuing to shift the burdens of this pandemic onto those least equipped to handle them.”

This case study highlights the failures of the Trump administration’s implementation and oversight of the Paycheck Protection Program. The SBA’s uneven implementation, weak monitoring, and lax enforcement of the small business lending program has left many deserving businesses languishing without support. Further, it allowed larger firms and those affiliated with big businesses to access the funds without keeping workers on the payroll.

Small businesses owned by people of color and women were especially hard hit by the lack of access to credit during the pandemic. The number of Black-owned, Latinx-owned, and women owned businesses fell far faster during the pandemic than those owned by white men, according to data from a National Bureau of Economic Research study.

“As we see so many people in our state hurting due to the pandemic, it is unconscionable that these funds were being misused by corporations to the detriment of our state,” said **Sue Berkowitz, director of the South Carolina Appleseed Legal Justice Center**. “The former employees who have not been brought back on are continuing to suffer and this money should be recovered.”

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