

Testimony of U.S. Senator Tammy Baldwin
Before the U.S. International Trade Commission
Lightweight Thermal Paper from China and Germany
October 30, 2014
Inv. Nos. 701-TA-451 and 731-TA-1126-1127

Good morning. Thank you for the opportunity to appear before the Commission on a matter of great importance to Wisconsin.

In Wisconsin, we have one of the largest manufacturing sectors in the nation, supporting a large share of our workforce and exporting goods all over America and the world. Wisconsinites work hard and play by the rules. Whether it's making paper products, diesel engines or navy ships, when Wisconsin manufacturers compete on a level playing field, more often than not, they win.

As you no doubt know, paper making is part of Wisconsin's manufacturing backbone and has a long and cherished tradition in my home state. Appleton, Wisconsin, where Appvion, the petitioner in this case, is headquartered, has long been at the center of this industry. Appvion is a great American company, and is employee owned.

Appvion is strongly represented and well served by its United Steel Worker employees. In fact, one of these union members will be here later today to testify

and many more across Wisconsin and the United States are following these proceedings. These workers are very concerned about this decision and so am I. Appvion and their employees have played by the rules of international trade and have done quite well. However, they are under constant threat from foreign companies that play by a different set of rules and quite frankly, companies that cheat.

I am here today to ask that the antidumping orders on Lightweight Thermal Paper from China and Germany, and the countervailing duty order on Lightweight Thermal Paper from China, be allowed to continue.

The issues in this case have been buried by a persistent pattern of fraud engaged in by one of the respondents, Koehler, based in Germany. I understand that this is not a mere allegation, but that there have been two findings of fraud by the United States government in final determinations.¹ Allowing foreign suppliers unrestricted access to our open market, while they are knowingly defrauding the U.S. government by dumping undervalued products in our markets, is unconscionable. In doing so, not only have they lied to gain a competitive

¹ Koehler withheld information from the Department of Commerce and falsely reported sales in its home market as third party sales to lower its dumping margin during Commerce's third administrative review. The company admitted its fraud, which also extended into the fourth administrative review period. U.S. Department of Commerce. *Issues and Decision Memorandum for the Final Results of the 2010-2011 Administrative Review on Lightweight Thermal Paper from Germany*. <http://enforcement.trade.gov/frn/summary/germany/2013-09049-1.pdf>.

advantage in our open market, but they have done so at the expense of American manufacturers and workers. This kind of conduct cannot be permitted and must be taken into account in your considerations. It shows to what lengths Koehler will go to continue to illegally dump in the United States.

The United States paper industry has suffered financial losses and lost thousands of jobs as a result of persistent patterns of unfair trade across all segments of the industry. Appvion in particular had to fight an uphill battle to keep their prices competitive when Chinese and German companies began to sell their paper in the United States at subsidized prices. As we all know, consumers typically buy products that are cheaper than the competition, so Appvion's sales and revenue were threatened when Koehler dumped their products on the market. Appvion is a key employer and economic contributor in Wisconsin, supporting thousands of jobs. Yet if foreign producers can cheat and sell in our market through fraud and unfair trade, its future and the future of its workers will be in great jeopardy.

As Mark Richards, the CEO of Appvion, said in his testimony before this panel in 2008, "This unfair competition has deprived all domestic producers of lightweight thermal paper of sales revenue and driven down prices... The unfair trade practices of foreign manufacturers have negatively impacted the U.S. lightweight thermal

paper market outlook and damaged our business.” We cannot allow these conditions to return to this vital part of the Wisconsin and the American economy.

You have the ability to make a real difference for American workers and producers in this case. There can be no reason to allow unfair trade to take a further toll on this industry. I strongly urge you to keep the orders on the books and request that you keep me informed as these proceedings move forward. Thank you for your time and for your careful consideration of this case.