

Testimony of Representative Reid J. Ribble

Lightweight Thermal Paper from China and Germany

701-TA-451 and 731-TA-1126-1127 (Review)

October 30, 2014

Thank you Madam Chairman and members of the Commission for the opportunity to testify before you today in support of the domestic lightweight thermal paper industry and its workers.

I represent Northeastern Wisconsin, which is home to a robust paper industry. Our paper manufacturers are among the most efficient in the world. We have a strong, well-trained workforce and a strong work ethic. Our companies continually invest in themselves to compete in a changing global economy. But even the most efficient producers cannot prosper and thrive when the rules of trade are being broken.

While I am a strong proponent of free trade, I also believe that countries ought to play by the rules that they have agreed to with other nations without force and of their own choosing, and in the context of the World Trade Organization. When companies dump their products on our market or receive government subsidies, as is the case here, they are not playing by the rules.

Appvion, the chief petitioner in this case, has been headquartered in Wisconsin's Fox River Valley for over a century and is currently one of the world's largest producers of carbonless paper. It is also a leading global producer of thermal paper and specialty coating products. Appvion is constantly in the process of innovating and has not shied away from reinventing itself when it has needed to in order to maintain its competitive edge. This makes Appvion a true bright spot among Wisconsin manufacturers.

Since 2001, Appvion, which has 1,000 employees in my district, has been entirely owned by its shareholders who share in both the net income and losses of the business. I want to welcome Appvion's capable leadership, several of whom are appearing today before the Commission, along with a number of Appvion employees who have traveled a great distance to be here today.

The Department of Commerce has already determined that if the orders on Germany and China were to go away, dumping and subsidization would return. Appvion is even more vulnerable to renewed dumping and subsidization, given that China has added substantial tons of new capacity just since the duties went into effect in 2008. As has been the case in many industries in China, but in the paper industry in particular, the Chinese government has paid significant subsidies to build and expand capacity for which there is insufficient demand in their own country. One study on international thermal paper production states that China increased its total capacity from 230,000 tons in 2012 to 430,000 tons in 2014. The same report notes that China now has 23 percent of the world's thermal paper capacity. Consumption in China accounted for only 190,000 tons in 2013, which means the country has over twice the capacity it needs for the demand in its home market. All of that capacity will have to find an outlet somewhere, and if

duties on China are removed, much of it will likely find its way into the U.S. market, the most open economy in the world.

With respect to Germany, I would note that I joined my colleagues from Wisconsin, Ohio, and Pennsylvania in a letter to the Department of Commerce condemning what the Department of Commerce also found as a "deliberate scheme to conceal home market sales and manipulate home market price data" on the part of Koehler, the largest thermal paper manufacturer in Germany. I hope that you would consider that this company resorted to cheating to artificially manipulate its dumping margin when considering whether to keep current policy in place.

Overall, I believe that current trade policy has helped to appropriately level the playing field by ensuring that our paper industry doesn't lose market share or opportunity simply due to subsidization by foreign governments. I very much appreciate the opportunity to testify today.