

LIGHT WEIGHT THERMAL PAPER FROM CHINA AND GERMANY
Hearing Before The U.S. International Trade Commission
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STATEMENT OF JON GEENEN

Good morning. My name is Jon Geenen. I am an International Vice President of the United Steelworkers and my primary responsibility is oversight of the pulp and paper sector of our union. The USW is the largest industrial union in North America with 650,000 active members.

All of the lightweight thermal coating plants in the U.S. are unionized. The USW represents paper workers at Appvion and at Kanzaki. We also represent workers at Domtar, a major paper company that supplies base paper to Appvion. In short, thousands of good paying union jobs are tied to the thermal paper industry.

In the original investigation in this case, the Commission determined that the lightweight thermal paper industry was threatened by dumped imports from Germany and dumped and subsidized imports from China. The Commission also concluded that this would result in significant underselling and that absent duties, increased imports from Germany would cause the domestic industry to lose market share, and that the underselling would cause the domestic industry to lose sales volume, or revenue, or both.

The imposition of duties has been beneficial to U.S. coaters of thermal paper and their workers. U.S. coaters are on a firmer financial footing, which has helped to sustain jobs, wages, and benefits for paper-workers. Despite these improvements, the industry remains vulnerable to renewed unfair trade practices.

Over my thirty-five year career in the paper industry, I have seen tremendous and often positive, if difficult, changes. Today, in many mills our paper industry is a shining example of advanced manufacturing where paper is produced in flexible, self-directed and high performance work places that focus on lean manufacturing -- where workers are skilled problem-solvers and have extensive decision making responsibility. The result has been improved productivity and reduced costs; and the union workforce has been at the vanguard of these advances.

Regrettably, these changes often come at a cost. In 2012, discontinuation of papermaking operations at West Carrollton, Ohio, resulted in the loss of 330 jobs. In announcing the closure, Appvion's president Mark Richards made clear that the closure resulted from competitive pressures, and was not a reflection of either the talent or commitment of the mill's employees. Appvion also announced that it had entered into a long-term supply agreement with Domtar Corporation to provide the base paper for Appvion's coating operations in West Carrollton and in Appleton, Wisconsin.

Needless to say, the cessation of paper making operations at West Carrollton was wrenching for the paper workers in Ohio who lost their jobs. However, by sourcing from Domtar, Appvion ensured the competitiveness of the West Carrollton thermal coater and the 100 workers employed there, as well as its carbonless business. Moreover, the agreement permitted Domtar to repurpose and replace high-volume capacity for communication papers with specialty grades for Appvion's thermal and carbonless operations. The demand for communication papers is declining and also faces competition from unfairly-traded imports. By moving capacity at other sites to production of thermal and carbonless base stock, Domtar was able to preserve paper jobs in those states.

These are the sort of painful trade-offs our industry faces every day. We need to ensure that the sacrifices of paper workers in this country are not made worse by unfair trade from abroad. It's one thing to lose jobs due to inefficient and outdated equipment; it is quite another to see workers lose high quality jobs on state-of-the-art equipment because of unfair trade.

The information that you have developed in this sunset review demonstrates the need to maintain the orders on China and Germany. Following the imposition of duties, imports from China have decreased to almost nothing, demonstrating that Chinese producers are unable to export lightweight thermal paper to the United States at non-dumped and non-subsidized prices. Without the discipline of the

orders, imports from China would be free to resume the rapid growth experienced during the original investigation.

Moreover, China has increased substantially its capacity to produce thermal paper since the original investigation by more than 600,000 tons since 2008. The capacity increases in China far outpace any increase in demand in the region. Given that prevailing prices in the U.S. market are generally higher than in other parts of the globe, there is no doubt the excess Chinese production will make its way into our market.

German producers will also be a very significant problem in the market without the discipline of the antidumping order. The largest of the German producers, Koehler, has already exhibited its strong motivation to export lightweight thermal paper to the United States, even to the point of committing fraud at the Commerce Department in order to illegally lower its dumping margin. If the order were revoked, there would be absolutely no restraints on Koehler's proclivity to undersell U.S. producers. This would be devastating to American paper makers, their communities and the industry itself. This kind of behavior must be prevented by the Commission, through the continuation of the orders.

In sum, the record in this review supports and requires continuation of the orders.