

**TESTIMONY OF STEPHEN SHUFORD
CEO OF SHURTAPE TECHNOLOGIES, LLC
BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION ON
PRESSURE SENSITIVE TAPE FROM ITALY
FEBRUARY 2, 2016**

Good morning. My name is Stephen Shuford. I am the CEO of Shurtape Technologies and have been since 2010. I received my bachelor's degree from Princeton University and then received an M.B.A. from the University of North Carolina at Chapel Hill. Our business is a family-owned business and I am the fifth generation of my family to run the business, which was founded in 1880 as a single yarn-spinning mill in western North Carolina. Over the years, the business expanded to include various types of yarn, twine, woven textiles, furniture and eventually tape, which was started in the 1950s.

In 1995, our larger family received an offer from Tyco International to buy the tape assets of our diversified business. At that time, my immediate family decided to match Tyco's offer and maintain control of the company in our family and in North Carolina. We bought out the interests of our extended family, and as part of the deal we also took the textile assets, which had been in decline for many years. Over time we exited the textile business by closing, spinning off and selling those factories while at the same time expanding our tape production capacity, including the construction of our hot melt packaging tape facility in 1998. We now are predominantly a tape business and employ over 1,100 people in the U.S.

I mention this history because it is not simply a part of the story of my family, but it is also a part of the story of western North Carolina where I am from. I know that the Commission is very familiar with the decline in the fortunes of the textile and furniture industries in North Carolina. Our success in the tape business has provided good paying jobs for people in the small communities where we operate and where textile and furniture jobs are no longer plentiful. The people who work in our plants are drawn almost entirely from the immediate surrounding area of the plants, where well-paying blue collar jobs have become increasingly scarce. Hudson, North Carolina, where our hot melt tape is made, is a very small town, and it is difficult to exaggerate the importance of the jobs we provide to that community.

Hot melt packaging tape is a core component of Shurtape's overall adhesive tape portfolio, representing approximately 50% of our domestic tape production in terms of square yards. Without a profitable hot melt business, the economics of our company would become significantly challenged, and the basket of products that we offer our customers would become less compelling. This is because hot melt packaging tape is the most meaningful tape category in terms of volume and dollars for many of our industrial distributors.

Let me now turn to some discussion of how Shurtape has faced the challenges in the industry over the past eight years regarding packaging tape. Like

all U.S. packaging tape manufacturers, we needed to decide what strategy to pursue to service the needs of our customers, some of whom wanted acrylic packaging tape and some of whom demanded hot melt tape. In 2008, we made a tough decision to build a plant in China to produce acrylic packaging tape. While we would have preferred to manufacture all products in North Carolina, we found that the technology to produce acrylic tape was already being widely used in Asia, and we would not be able to compete by manufacturing these products in the U.S.

In addition to providing us with a competitively-priced acrylic packaging tape, we hoped that our China facility would also provide Shurtape with a base of operations in China from which to pursue growth in Asian markets. We have not, however, been successful in penetrating the Chinese market due primarily to excessive supply of acrylic packaging products. This excess supply in large part stems from the ubiquitous nature of acrylic packaging tape know-how and production assets in Asia. I think that these facts are important in assessing the attractiveness of China as a market for Italian packaging tape. Given the choice between trying to sell from Italy into the Chinese market, or selling to the United States in the absence of a dumping duty order, I have no doubt that the Italian producers will choose the United States.

Shurtape, the smallest of the companies here today, does not want to see a major product line like hot melt packaging tape decline. We have a world-class

plant, talented and highly-dedicated employees and a multitude of domestic suppliers, who themselves employ hundreds if not thousands of U.S. workers. Like 3M and Intertape, we are constantly cutting back on waste in the production process, improving our equipment and operator efficiencies, and figuring out ways to increase the speed and capability of our machinery, but we cannot compete against massive imports at low prices from Italy. As the smallest company here, we could easily be overwhelmed financially by large volumes and low prices in the absence of a dumping order against Italy. If we were to lose this review and were forced to file a new case because imports from Italy have greatly increased at low prices, we will have already begun to experience significant financial and employment hardship.

Let me just finish by saying that Shurtape's importations, and the importations of the other U.S. companies of acrylic packaging tapes, are not competing head-on with our hot melt products made in the United States. Our hot melt products provide meaningful performance advantages relative to acrylics, which is why this product line has continued to grow for us even as the volume of acrylic tape imports has increased substantially. We also are very competitive with hot melt sold from Italy at fair prices. Today, with the order in place, the Italian producers know that if they increase their volumes to the U.S. at low prices, the U.S. industry will ask that their sales be reviewed by the Commerce

Department and there is a probability of incremental dumping duties being imposed. However, if the Italian producers are allowed to sell at low prices and swamp the U.S. market with their excess capacity without the discipline of a dumping order, our ability to compete in hot melt packaging tape will be significantly impaired. That loss would not only devastate the hot melt packaging tape industry in the U.S., but it would also threaten the ongoing financial stability of Shurtape, one of western North Carolina's most significant employers.

Thank you. I would be glad to answer any questions.