

Testimony of Senator Sherrod Brown
Hearing, International Trade Commission
Lightweight Thermal Paper from China and Germany
October 2, 2008

Madame Chairman and Commissioners, thank you for the opportunity to provide testimony today. Let me begin by saying that I was very gratified to learn of the Department of Commerce determinations issued last Friday. Those determinations reaffirmed the Department's preliminary finding that imports of thermal paper from Germany are being dumped, imports from China are being both dumped and subsidized, and that both the dumping and the subsidies are significant.

These anticompetitive practices have undermined the economic health of our only two U.S. producers.

Appleton Papers, the petitioner in this case, has a major mill producing thermal paper in West Carrollton, Ohio. This mill has 420 employees, more than half of whom are United Steelworkers.

I am proud of the fact that Appleton decided to locate its new thermal coating machine, which began operations just last month, in our state.

I never thought I'd go out of my way to promote the use of thermal paper – the kind used in ATM machines and gas station pumps. Knowing now that this paper is produced in Ohio, I now go out of my way to tell people, "Always say yes to the receipt! Keep that thermal paper coming."

I'm pleased to see that there are so many Steelworker representatives in the audience here today. Their presence here signals the importance of these cases to all those who work at Appleton.

Appleton is a unique company. It is actually one hundred percent owned by those who work there. In 2001, Appleton employees agreed to take part and invested their life savings in the company. In all, they invested \$108 million in the Employee Stock Option Program, or ESOP, making this one of the largest employee buyouts ever.

So you can understand just how important these cases are to the employees at the West Carrollton plants, to the local economy, and to the communities in which we live. The Miami Valley – where the West Carrollton plant is located – understands the challenges of globalization. Several thousand manufacturing jobs have been lost. Every week I see a new batch of claims for Trade Adjustment Assistance by Ohio companies, and auction notices from Ohio manufacturers going out of business.

Workers will tell you that they don't mind competing. They just want a level playing field. That's why we are here today.

While much of the record in this case is confidential, I understand from Appleton that there is considerable evidence of injury. There are large import volumes and significant market share of thermal paper imports.

There is underselling and lost sales at a time when demand had been healthy for thermal paper as more and more retailers switch to thermal paper for point of sale receipts.

U.S. producers should be reaping the benefits of this healthy demand, but they are not.

Even considering the dollar's depreciation during the period, the domestic industry is still struggling to stay competitive.

The reason is simple – dumping and subsidies gave German and Chinese producers an unfair advantage – an advantage that would be insurmountable for any producer in any country.

As I have noted here before, I strongly believe that U.S trade remedy laws are indispensable. In the global market, it can be particularly difficult to address situations in which free market competition based on price, quality, and efficiency gives way to corrupted competition distorted by subsidies, dumping and other anticompetitive practices.

These remedies address corrupted markets to help ensure that global trade supports U.S. economic progress rather than fueling U.S. economic decline.

I know that you recently considered a case involving another type of paper, coated free sheet. That case ended with a negative injury finding and within several months, the petitioner in that case had to close its converting facility in Chillicothe, Ohio, leaving workers in my state without jobs.

I urge you to consider the ramifications from a negative finding in this case. Absent relief, there is no question that the domestic industry will be threatened with even greater harm.

I thank you for your careful consideration of this important case.