

Testimony of Rep. Thomas E. Petri (R-WI)
Submitted to the U.S. International Trade Commission
Anti-Dumping Case Involving Lightweight Thermal Paper
October 2, 2008

Madame Chairman and Members of the Commission,

I am pleased to have this opportunity to testify at today's hearing and to speak on behalf of Appleton Papers, Inc., and its employee-owner workforce. Appleton Papers is an important employer in Wisconsin's Fox Valley and has shown leadership and resolve in challenging dumped imports from China and Germany as well as the subsidies provided to Chinese producers.

The outcome of this case is important to me because it will affect the lives of my neighbors in central Wisconsin - an area that is fighting to maintain its manufacturing tradition through hard work, innovation, and a drive to be world-class producers. Today's case has added significance because Appleton is a papermaking company, and Wisconsin has a long tradition of papermaking. The paper industry, however, is being endangered by unfair foreign competition that believes market share is all-important and has sought to lay claim on our domestic markets by selling their imports below the cost of production.

Last month, a few short miles from the Appleton Papers facility in Appleton, Wisconsin, another paper company closed a mill, putting more than 500 experienced papermakers out of work. Unaddressed dumped paper from China was an important factor in the decision to close that mill, and I believe that the aggressive dumping of Chinese and German lightweight thermal paper will have a similar adverse effect on Appleton Papers.

Today, Appleton Papers has more than 1,300 employees at its Appleton, Wisconsin facility. Many of these workers are my constituents.

These workers enjoy a somewhat unusual distinction within their company. Appleton is wholly-owned by its employees through an Employee Stock Ownership Program. The employee-owners of the company will be doubly impacted by allowing dumping to continue without the appropriate response. First, they will suffer through work reductions or job losses should production cutbacks become a reality. Second, their long-term financial security will be negatively impacted. These workers – these employee-owners – have invested their retirement assets in their company, literally staking their future well-being on the success of Appleton Papers.

This commitment shows their confidence in the American economy and in their ability to compete head-to-head with the best producers in the world. This dedication should be met with a commensurate commitment on the part of our government to enforce the trade laws which Congress has enacted.

The case you will hear today in support of Appleton's petition is strong and should result in an affirmative decision in their favor. Appleton Papers is the leading United States manufacturer of lightweight thermal paper, accounting for approximately 60 percent of domestic production. Imports of foreign produced lightweight thermal paper are rising. Between 2000 and 2006, foreign imports of lightweight thermal paper have risen by more than 60 percent. These imports have been sold at significantly reduced prices at a time when paper prices should be rising, driven upward by the higher cost of raw materials and energy. Additionally, imported paper should face a further price burden in the U.S. market as the weak

dollar should make all imported products more costly. Despite these factors, the price of imported lightweight thermal paper has continued to undercut domestic competitors. This was confirmed only last week through the affirmative final determination of the Department of Commerce responding to a petition by Appleton Papers. Continued access to our domestic market by dumped lightweight thermal paper can not help but produce material harm for domestic producers, and the commercial damage to be borne by Appleton Papers in the advent of a negative determination will be felt doubly by its employee-owner workforce in ways that are, sadly, all too familiar.

I have always believed in free trade and have supported agreements to keep our markets open in exchange for new overseas opportunities for American companies. I have great confidence that our companies and our workers can compete with the best in the world. However, we cannot be foolish enough to think that pursuing a free and fair trading arena is enough to make it happen. Markets work best with clearly defined rules, and government must respond appropriately when domestic industries are harmed by competitors who break those rules. Today's hearing presents such an opportunity. It is imperative that our laws prohibiting dumping be enforced and safeguards be put in place to defend those in harm's way.

This case is about protecting a leading American manufacturer under attack by the predatory trade practices of certain foreign competitors. American manufacturing companies, particularly those in Wisconsin, want to compete globally. In fact, manufacturers in our state are anxious to put their products and workmanship up against the best that the world can offer. True competition, however, is undercut when prices are subsidized or products are sold below cost in order to grab market share. Allowing dumping and subsidization to stand can only

harm domestic manufacturers, leading to continuing adverse conditions in domestic markets and further declines in manufacturing employment. Therefore, I urge the Commission to consider carefully the testimony given today and to study the record developed by these proceedings. Having taken these steps, I believe that you will conclude that the dumping and subsidization of lightweight thermal paper that have been substantiated by the Department of Commerce cannot help but bring material harm to Appleton Papers and its employee-owner workforce.

Thank you.