

**Testimony of Governor Ted Strickland
of Ohio
Lightweight Thermal Paper from China and Germany
U.S. International Trade Commission Hearing
October 2, 2008**

Chairman Aranoff and members of the Commission, I appreciate the opportunity to appear before you today. I have come to Washington to add my voice to those who have sought remedy from the harm inflicted on U.S. lightweight thermal paper manufacturers by dumped and unfairly subsidized German and Chinese imports. The issues here are matters of basic economics, but what's at stake are the lives and livelihoods of hardworking Ohioans.

Across the Midwest, businesses, workers and their families are struggling every day against the national economic downturn, rising energy prices and tightening credit. We are feeling these strains particularly in Ohio, which has long been a manufacturing hub.

Of course goods-producing companies are vulnerable to national economic downturns. They suffer first when energy prices rise, or when production opportunities abroad make it enticing for companies to relocate from here in the United States to regions like Latin America and Asia.

But our manufacturing sector is also uniquely vulnerable to the damage that can be caused when overseas competitors employ aggressive, unfair production and sales tactics, and use them to dump products into the U.S. market at artificially low prices. Indeed, I would respectfully argue that a significant portion of manufacturing job losses we've seen have come at the hands of anti-competitive trading practices from overseas.

Some folks may think that Ohio's manufacturing companies have fallen behind on technology and new investments and are left unable to compete in the global economy. Quite frankly, that is simply not true. And nowhere is this point more evident than in the lightweight thermal paper sector.

In fact, while the U.S. lightweight thermal paper industry has been besieged by unfairly traded foreign imports, the principal U.S. manufacturer – Appleton – has been making major investments. Appleton has upgraded its technology, grown its domestic production and expanded its Ohio job base, which increased by about 8 percent over the past year.

Ohio's Lieutenant Governor Lee Fisher, who also serves as the director of Ohio's Department of Development, led my administration's team working with Appleton's executives on some of the key early details of their \$125 million investment in a new thermal coater which was installed this summer at the company's West Carrollton mill. That coater is now up and running, and helping to position Appleton for tremendous competitive opportunities in overseas markets.

No one is more proud of that investment than Appleton's employees, who as you may be aware, are not just workers, but are in fact owners of 100 percent of the company. A number of Appleton's employee-owners from West Carrollton, and from other Appleton locations are in the hearing room today.

When a company is worker-owned, Madame Chairman, the employees have everything on the line. These employee-owners are here today because they care about their jobs, of course, but also because they want to protect their investment in Appleton, in its new technology, and in their own economic security. And they're here because they believe in the American business ethic that says when you make a superior product you can compete with anyone in the world.

We are grateful for the fact that Appleton's employee-owners made the decision to keep their investment in Ohio, rather than put their new technology and capacity investments overseas. That is a difficult choice that all too many U.S. companies face. But when a company is owned by its workers it tends to reinvest in its own backyard. That makes me even more proud to be here with the employees representing Appleton and the United Steelworkers Local 266 to do my part in speaking out for their futures, for their families and for their communities.

But we know that their interests are very much at risk. While the U.S. industry's production costs have risen dramatically, lightweight thermal paper manufacturers have watched their domestic market share erode at the hands of a flood of artificially low-priced imports from China and Germany.

As the Commission is aware, the Commerce Department recently determined the extent to which German and Chinese prices are under-cutting the U.S. market. Not only are the numbers themselves alarming, they are more troubling because the lightweight thermal paper sector, like other heavy manufacturers, has historically managed with razor-thin margins. So I need hardly tell you that dumping at margins that may appear to be modest can still have astonishingly grave effects, particularly when accompanied by a rising volume of imports like those we have witnessed in this market.

No company with so much at stake – massive new investments in its technology; a highly skilled and well-paid workforce; and an unwavering commitment to pursuing market opportunities – can sustain the types of losses being dealt to the lightweight thermal paper sector in today's marketplace.

Given this, we in Ohio are worried. Because absent direct efforts by the federal government to put a halt to artificially low-priced imports of lightweight thermal paper, Appleton will not have a fair chance to recoup its massive investment in expanding its competitive abilities.

We can ill afford to wait and see what further damage could come if we leave Appleton to fend for itself against illegal competition. In Ohio, we surely cannot afford business contraction and job losses, and we certainly cannot bear more burdens in our paper sector, other segments of which have already declined at the hands of unfair foreign competition.

On behalf of the State of Ohio, I respectfully urge the Commission to uphold the dumping and illegal subsidy findings issued last week by the Commerce Department. If Appleton and the domestic industry are to be expected to survive, we must give the employee-owners of the company, and the community which increasingly relies on them, a fair chance to succeed. We ask that the Commission reinstate balance in the marketplace, so that employee-owners who invest their own resources – their own savings – to help a company like Appleton stay competitive, can be given every reasonable chance to succeed.

With concern for Appleton, for Ohio's economy and for our region's economic future in mind, I ask that you consider the compelling facts in this case, as well as the tremendous cost of inaction. I hope that the Commission will make a resounding, affirmative decision in the final stage of this important investigation. Thank you.