

**Testimony by Congressman Bruce Westerman (AR-04)**

*International Trade Commission • Washington, D.C.*

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Good morning Vice Chairman Pinkert and members of the International Trade Commission, thank you for the opportunity to appear before the Commission today on a matter of great importance to the 4<sup>th</sup> Congressional District of Arkansas, as well as the rest of the country.

Since 1968 the City of Ashdown, located in Little River County in southwest Arkansas, has hosted a pulp and paper mill. The proud tradition of making paper and paper products in Ashdown continues today with Domtar owning and operating an integrated pulp and paper mill. From Ashdown, finished paper is sent to customers across the United States with some Ashdown products shipped to international customers.

I have visited the Ashdown mill a number of times and have always been amazed by the size and scope of the facility. Given my linkage to the forest products as a professional engineer and forester, I perhaps have more of an interest in what goes on at the mill than many others, but I know that many people in Arkansas remember the day when the “Number 64 paper machine, the Ashdown Express” began operations in the mid-90s. It was said at the time that this new paper machine was among the biggest, fastest, most efficient and most

productive machines on the face of the earth. In 2011 Domtar announced the permanent shutdown of a smaller paper machine, Ashdown 61, because of declining market conditions and increasing imports of uncoated paper. Such closures are always tough on small communities like Ashdown. These mills are often the life blood of a small town and when we lose good-paying paper jobs, it's a hardship for the whole community, and has far reaching ripple effects.

More recently, forces have combined that have caused Domtar to announce the curtailment of papermaking on the Number 64 machine. In December of 2014, Domtar announced that the Number 64 machine would be permanently converted from manufacturing paper to manufacturing "fluff pulp", a material that is used as the absorbent material in baby diapers and adult incontinence products. With the announcement came the news that nearly 100 of my constituents would lose employment at the mill. Domtar pledged to try to absorb many displaced workers as retirements and resignations, but nevertheless, this region will feel the pain from losing 100 of some of the best manufacturing jobs in Arkansas.

Machine Number 64 was specifically designed to produce uncoated free sheet paper. That is its highest and best use. But now that imports have captured

such a significant share of the U.S. market for uncoated free sheet, Domtar decided that it could no longer go on producing paper because it could not find customers or sell profitably. While we are relieved that Domtar found a way to repurpose this machine, it comes at the expense of a hundred jobs. Additionally, Domtar will have to make significant expenditures to convert the machine to fluff production, and will receive lower margins than it could have earned making the paper the machine was designed for.

Unfair trading conditions from international competitors have had a profound impact in my district. I credit Domtar for doing what they have done to lessen this impact, but this is little consolation to the sandwich shop owner or the transmission shop owner who has seen customers disappear. I am here today on behalf of the more than 900 Ashdown employees to ask that the preliminary determinations of dumping by producers in Australia, Brazil, China, Indonesia and Portugal and the preliminary imposition of countervailing duties against producers in Indonesia and China be made final.

The issue of unfair international trade is not just impacting Domtar and the other petitioners, but indeed has negatively impacted all segments of the industry. As producers, in the countries cited earlier, dumped their products on

our shores, some at subsidized prices, domestic producers have seen their market share erode away. The 4<sup>th</sup> Congressional District has lost paper production at several sites over the recent past. Allowing foreign producers to have unrestricted access to the open markets of the United States, while some of these producers are knowingly defrauding us by dumping undervalued products is inexcusable.

Vice Chairman Pinkert and members of the commission, this issue is personal to me not only because it affects constituents in my district but I spent my engineering and forestry career designed forest product manufacturing facilities. I have deep understanding of the technologies and processes used not only in the U.S. but around the world and I have visited a considerable number of foreign facilities. The United States is the leader in technology and has invested billions in assets. In some manufacturing processes, the cost of the timber can account for sixty to seventy percent of total production costs. We have the safest and most environmentally friendly facilities in the world. We manage our timber in a sustainable manner that is top in the world. We have highly trained and skilled workers. The point I want to make is this. If anyone is stealing U.S. market share while shipping their productions half way around the world, then something is not fair and someone is playing by a different set of rules. Whether its subsidized timbers, lax environmental standards or sub-pay labor, there is an

unfair advantage and American works and businesses pay the price. Where there is smoke, there is fire.

The ITC has the ability to make a real difference for pulp and paper workers in the 4<sup>th</sup> Congressional District of Arkansas. Please keep the anti-dumping and countervailing duties in place. Our domestic paper industry needs the International Trade Commission to do the right thing by ensuring that producers from around the globe abide by the same rules as producers here in the homeland.