

September 19, 2013

Antidumping and Countervailing Duty Investigations on Hardwood Plywood from China

Investigation Nos. 701-TA-490 and 731-TA-1204 (Final)

### **TESTIMONY OF THE HONORABLE PETER DEFAZIO**

I am pleased to speak today on behalf of a critical foundation of America's forest products industry. Thousands of families in the hardwood veneer and hardwood plywood industry in Oregon and across the U.S. are fighting to survive the onslaught of unfairly traded hardwood panels from China. I join them today in their fight because it will determine the future of my region and others like it across the U.S.

Half of the hardwood plywood manufactured in the U.S. is manufactured in Oregon. Five of the petitioners have at least one manufacturing plant in my state, and four are headquartered there.

Exports that are subsidized – especially from deep-pocketed, non-market economies like China - - create an inherently un-level playing field. You will hear today from proponents of free trade, as well as from people like me who are suspicious of free trade agreements because we know that some countries sign trade agreements they have no intention of honoring. If our government wants to continue to push free trade agreements, myself and others need to be convinced that those agreements are going to be enforced when the relevant agencies are confronted with clear evidence of illegal dumping and subsidies. Absent that, I suspect that the narrow margin of victory that once existed for trade agreements will quickly disappear. Investigations like the one we are considering here today are one of the few tools the U.S. has in combating illegal trade practices and protecting what's left of our domestic manufacturing industry.

If you represented the 4<sup>th</sup> District of Oregon, you would have seen firsthand, long before today, the damage to families and communities as a result of illegally traded Chinese plywood. In fact, one of the petitioners in this case from my district – States LLC - filed for bankruptcy, closing a plant in the process. Many others have lost their jobs at other facilities in my district, destroying family wage jobs, communities, and the American dream for those directly affected.

This is a very bitter pill for my communities to swallow because Oregon manufacturers take advantage of their proximity to the world's greatest temperate forest and use cost-effective, state-of-the-art manufacturing technology to produce the best quality in the world. But in today's instant gratification, cost-conscious world, no commercially-financed business can compete against companies financed by the Bank of China, where return on investment is a secondary concern and selling below the cost-of-production is viewed as a long-term, national economic strategy.

The U.S. and our industry are not alone in these concerns. Similar antidumping cases have been completed or are pending in the EU, South Korea, The Philippines, Argentina, and Colombia.

Some may want you to believe it was the economic crisis of 2008 that caused the downturn in the U.S. hardwood plywood industry, but the data before you demonstrates that the surge in market share of imported Chinese hardwood plywood in recent years cost this industry its jobs. China has gone from a minor player in the hardwood plywood industry to near-parity with U.S. production. Despite aspects of the economy improving, these U.S. jobs never came back. Half of the 25,000 jobs lost in this value-added sector were Oregon jobs.

These lost jobs were good-paying, family-wage jobs with commensurate, family-based benefits. The endangered companies they left behind are unbelievably critical contributors to their mostly rural communities. Like other businesses located in rural America, they support the local hospital, fire departments, E.M.T. services, youth groups and other important services. Besides lost payroll, the taxes that they paid are also lost.

Then there are the ancillary impacts. The number of loggers in this country who supplied these mills dropped by over 25%, yet another casualty of the Chinese predatory behavior.

The story of these laid-off workers in Oregon are no different from the stories that can be told for families in small communities all across the U.S. who rely directly or indirectly on a robust domestic hardwood veneer and plywood industry. Unfair trade is not victimless.

My constituents are fighters, amazingly hard workers, and some of the best in the world at growing, managing, and milling wood. Given a level playing field, these hardworking American craftsmen and women will compete and win against anyone in the world. They and thousands of others across the U.S. are counting on you to do your part to remedy unfair trade practices and restore a level playing field for lawful competition in the free market.

I commend the Commission for pursuing this investigation and am hopeful that the rule of law prevails. Thank you for the opportunity to come before the Commission.