

Final Hearing: Commodity Matchbooks from India, Inv. No. 701-459 (Final)
International Trade Commission
October 20, 2009
Statement of Jonathan Bradley – President, Atlas Match LLC

My father started our family match business the year I was born. We have grown, shrank, changed, and survived as a producer of both promotional and commodity matchbooks for four decades. I grew up in the factory and around matches. We have made products for tens of thousands of different customers and for different events ranging from small weddings to presidential inaugurations. Our company is the only recent producer of all types of match products. We have made commodity product for the largest national chains and promotional matches for the smallest corner taverns. Despite this broad reach, we are still a tiny company in a tiny industry struggling to survive against low-cost global competition dumping product into the United States market. It is with this background in mind that I make my statement today.

Atlas Match/Bradley Industries strongly supports the petitioner and believes that the imposition of antidumping and countervailing duties is necessary to save the two American companies that still remain in the domestic commodity matchbook industry.

As a maker of both commodity and promotional matchbooks, I am hopeful that this statement will clearly explain the uniqueness of the two items and the harm that was done to our company by the Indian product.

There is no question that promotional matchbooks and commodity matchbooks are different products sold into different markets. This is true for several important reasons:

1. First, promotional matches are used as a souvenir and commodity matches are used as a tool. Many Americans, both smokers and non-smokers, have a collection of promotional matches at home to remind them of where they have been and where they would like to return. The same is not true of commodity matches which are typically used and then discarded.
2. Promotional matches become a souvenir through their high level of customization. Commodity matches are, by definition, standardized (and thus not as interesting). Match count, head color, cover board, stem board, printing options, and run length are all variables that are adjusted for each order in the creation of promotional matches. In contrast, commodity matches have 20 matches per book and a standard imprint for each long run.
3. The manufacturing processes of promotional and commodity matches are also unique. Speed, equipment, printing technique, materials, and labor intensity are key differences. Those that have seen the high-speed, roll-to-roll presses used to produce commodity matchbooks and the slow, sheet-fed presses used to customize promotional matches can attest to the obvious practical differences in producing the products.
4. The manufacturing differences mean that promotional matches are much more expensive to produce and must be priced much higher than commodity matchbooks. A typical 20L case of promotional matches sells for almost 4x the price of a case of commodity matchbooks. High-end, highly customized promotional product can be sold for 10x or 20x the typical commodity case price.
5. Along with production differences, given the physical differences between commodity and promotional product, buyers and distributors perceive them as different. When there is no customization or promotional message, buyers see a tool rather than a keepsake.

6. Furthermore, promotional matches and commodity matches are sold and move in completely different channels of distribution.

Promotional matches are shipped one case at a time via UPS. They often wind up being distributed in a bowl, one no-charge matchbook at a time, at a restaurant hostess station or by a bartender.

Commodity matches move by the pallet and are distributed at retail.

7. Lastly, commodity match standardization cannot replace the marketing function of promotional matches. Promotional matches invite you to call, visit, or use a service, while commodity matches only light fires. The products are not interchangeable.

Clearly there are substantial differences between promotional and commodity matchbook products.

Recognizing that commodity matchbooks occupy their own unique market, one can understand that it is easy to become a price leader in the commodity match business given that there is very little or no differentiation among commodity matchbooks on any basis other than price. Meeting minimum expected product characteristics is not difficult. Couple this with the fact that margins for distributors and re-sellers are typically very small, it is simple for a manufacturer to move product at rock-bottom prices. This is especially true if the low prices are subsidized in some way.

The low-cost Indian manufacturer of commodity matchbooks rapidly captured market share and threatened to take even more business before the U.S. producers responded with aggressive pricing of their own. These price reductions were unsustainable and unprofitable.

In the end, price depression, lost sales, and lost revenue, left our company injured. This injury contributed significantly to our decision to close our Frankfort, Illinois factory and severely curtail commodity matchbook

production in our remaining facility. Closing the original home of our company, built by my father, was difficult. Good jobs were lost, long time employees were left with no work, and potential income was sent to India rather than kept in the United States.

As a producer of commodity matchbooks who was almost driven out of the business by low-cost product from India, I have no doubt that these imports were and are a substantial cause of material injury to the surviving US manufactures.

Though we currently have no orders, our factory is still ready to produce commodity product. To do so profitably, however, challenges remain. Just in the last two weeks, we quoted a customer that had been purchasing large quantities of blank matchbooks from India. Unfortunately, this customer was accustomed to buying product at \$15.50 per case delivered to their warehouse. When we quoted a price that enabled us to make a reasonable profit, the customer immediately discounted our offer as out of line with their perception of the market. They are used to paying a fraction of what we can sell profitably for and it will take time for customers like this one to consider us again as a reasonably-priced supplier.

Despite the difficulties in the market, I am hopeful that our company can again compete with all fair competitors. US manufacturers can succeed even when faced with global competition provided that the playing field is level. Thank you for your time.