

Before the U.S. International Trade Commission

**Melamine from China and Trinidad & Tobago
Inv. Nos. 701-526-527 & 731-TA-1262-1263 (Final)**

**Hearing Testimony of
Michel Ross, Vice President, Manufacturing, Suddekor LLC**

My name is Michel Ross, and I am the Vice President of Manufacturing at Suddekor LLC. Suddekor LLC operates a printing facility in Agawam, Massachusetts, and a treating facility in East Longmeadow, Massachusetts. Suddekor LLC is part of part of Surteco SE, a German company, and operates a total of three plants in the United States.

Suddekor's main U.S. business is to produce decorative paper materials. These treated papers are then sold to panel producers who fuse them onto particle board or MDF, and the resulting panels are used in laminate flooring, office furniture, kitchen cabinets, building products, and retail store fixtures.

For production at our plant in East Longmeadow, we purchase melamine resin from a number of different sources. In the past, we directly purchased melamine crystal and contracted with a third party to blend it into melamine resin to meet our impregnation needs. As of January 2015, however, we no longer purchase melamine crystal directly from melamine producers. Instead, we now purchase melamine resin from a third party and we use this resin when impregnating our paper.

During the period when we were purchasing melamine crystal, from 2012 to 2014, we generally purchased Chinese melamine crystal from two importers. The Chinese quality was acceptable and their prices were typically below other suppliers in the market. We were aware

that MHTL was producing melamine crystal in Trinidad, and in 2014 we made some purchases from them in order to diversify our sources of supply. We have also purchased melamine resin made from Cornerstone melamine crystal, but we experienced some quality issues with that product.

Even though we are not currently purchasing melamine crystal, we nevertheless continue to take a keen interest in the melamine crystal market in the United States since melamine resin constitutes a large percentage of the cost of the finished products we produce, and melamine crystal represents a large percentage of that resin.

I would like the Commission to take away two key points from my testimony today.

First, since our products are used in large part for their decorative appeal, we have to use inputs of high quality. At the same time, though, we are also under intense competitive pressure, including from imports of melamine impregnated paper and laminates from producers in China and Europe with whom we compete for sales here. Our panel customers face similar price pressure from imports of finished panels from other sources. For that reason, when we buy our inputs – whether those are melamine crystal or melamine resin – we must be extremely cost conscious.

I understand that Cornerstone has pointed to its inability to pass along its rising cost of ammonia as evidence of adverse price effects caused by imports from Trinidad. However given the price pressure that I face from my customers, I am unable to pass supplier cost increases on to my customers. Thus, when negotiating prices, I principally take into account supply and demand trends, but my suppliers' input costs like ammonia are not a relevant factor in my purchase decision. We try to treat our suppliers fairly, but with our sales of melamine impregnated paper being under pressure from import competition, and with our customers facing

similar pressure from their own overseas competitors, I am not in a position to increase my purchase price simply because my supplier's costs have increased.

The second point that I would like the Commission to take from my testimony is the consistent price differences between the U.S. and European markets for melamine crystal. As I mentioned, Suddekor LLC is part of a global group, and as such we follow the price of melamine crystal in many markets, including Europe. In my experience, European prices for melamine crystal are routinely lower than U.S. prices, often by substantial amounts. The reasons for this price difference are not clear to us, but this has been our consistent experience. And we are well aware of this price difference because melamine impregnated paper is coming in from Europe – paper impregnated with European melamine resin – at significantly lower prices.

If imports from Trinidad had not been present in the U.S. market over the past few years, I see no reason why European producers could not have taken their share. Similarly, given my experience with suppliers from China, I believe that Chinese suppliers could have taken much if not all of Trinidad's share over the past several years.