

**TESTIMONY OF JOE GONYEA, III
TIMBER PRODUCTS COMPANY**

Good morning. My name is Joe Gonyea, III. I am a Partner and Co-Chair of Timber Products Company.

I want to begin by providing background information on our company. Timber Products Company was founded almost 100 years ago, in 1918, in Medford, Oregon, where wood products have been manufactured in this same location ever since. Timber Products opened its first plywood and veneer mill in 1949, and has been in our family since 1967, where we have fourth generation management and fifth generation ownership. In 1995, we became the first integrated plywood manufacturer certified by the Sustainable Forestry Initiative (SFI).

Timber Products is an integrated, low-cost producer. We have eight wood products manufacturing facilities, producing hardwood plywood, hardwood and softwood veneer, particleboard, decorative overlays and hardwood lumber in Oregon, California, Michigan, and Mississippi. We are proud of what we do and especially proud of our 1130 team members! It is our team members' expertise and commitment that has been a driving force behind our success.

In my career in the industry, I have witnessed many fundamental changes over the years. None more significant than the impact of dumped and subsidized Chinese hardwood plywood imports. We first started to see Chinese imports nearly 20 years ago. By 2007, these imports had reduced our business by an estimated 20 percent.

Initially, Chinese imports clustered at the lower end of the value spectrum. By 2009 they had penetrated all segments of the value spectrum and commanded an estimated 33% market share. By 2012, the situation had become so grim that the industry sought trade relief under the antidumping and countervailing duty laws.

As predicted, when that case ended, Chinese dumped and subsidized imports quickly returned to the U.S. market with full force. Since 2013, Chinese plywood imports have increased by more than 40 percent. Chinese market share in the U.S. has grown, while domestic manufacturers' share has fallen – in spite of improving demand for plywood products. In fact, the domestic industry's market share is now the lowest it has ever been, while the Chinese have captured more than 50% of the domestic market.

As conditions have deteriorated we have not been sitting idle. To the contrary, the U.S. industry has invested tens of millions of dollars in the most technologically advanced equipment. For example, over the last two years, our company has invested \$17 million on new, state-of-the-art dryers, stackers and scanning equipment to enhance quality and lower energy use. We have continued to revise and refine our resin technologies. We have also invested in developing our team members both union and non-union through ongoing training and education. We encourage innovative problem solving and Timber Products is constantly exploring ways to gain efficiencies.

As your data shows, U.S. market demand for plywood continues to grow throughout this period. Chinese imports continue to overwhelm the U.S. market, sending our production, market share, and profit margins falling even further. This has harmed our cash flow and forced us to scale back on future capital expenditures.

Over the past two years, we were forced to idle our Medford facility for 50 days because we simply did not have enough orders to keep it running. We are currently operating at nearly half of our design capacity across our three plywood plants. We have several investment projects that are at risk given current market conditions. Since 2013, we have reduced employment by 20 percent at our Corinth, Mississippi mill, and are currently reviewing options to consolidate our plywood operations in Southern Oregon, which would result in further loss of high-quality family wage jobs, with benefits. Given the longevity of employment with many of our team members, to contemplate such developments is very painful to say the least.

Later today, you will hear claims that domestic plywood and Chinese plywood do not compete because of differences in face veneer thickness that result from different production processes. **This is simply false!** Timber Products uses both production processes, and can confirm that there is no difference between the two when it comes to customer acceptance. In the end, the consumer chooses cabinets and furniture based on appearance and price, not manufacturing processes or face veneer thickness. Although in times past our marketing department tried to promote

face veneer thickness, this has not been a differentiating factor in the marketplace, especially when Chinese prices are so low.

Unless this body does something about dumped and subsidized Chinese imports, our industry will continue to contract, more jobs will be lost, and surrounding rural communities further devastated.

None of the producers on this trade case petition are looking for a handout. We all feel we can compete with anyone, domestic or global manufacturers, provided the playing field is level. Today it is not. We are looking for “relief” to level the field and offset the artificial advantage that Chinese producers have enjoyed for too many years at the expense of US producers and our employees. Trade relief is critical, now! Please make free trade ... “fair trade”!

Thank you.