

TESTIMONY OF DON SCHALK
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Good morning. My name is Donald Schalk. I am the Director of Business and Corporate Development for Alvernia University. Prior to this position, from 2007 to 2014, I was the President and Chief Operating Officer of C.H. Briggs Company. C.H. Briggs is one of the largest, independently owned distributors of specialty building materials on the east coast. The company is a leading provider of, among other things, board and panel products. It serves thousands of customers that include cabinet and furniture makers, millwork houses, and general contractors serving both residential and commercial markets. I have also served as the president of the North American Building Material Distributors Association, which is made up of many of the top distributors in the United States and Canada.

Through my experience with C.H. Briggs and the NBMDA, I am very familiar with the competition between domestic and Chinese hardwood plywood. Put simply, domestic and Chinese hardwood plywood directly compete for sales, and this competition is largely based on price. As a distributor, when I sold hardwood plywood, I usually did not know what the merchandise would be used for, and I did not care. There was no need for our customers to tell us what the plywood would be used for. This is because both Chinese and domestic hardwood plywood can be used for the same end uses. Instead, to win sales, I would have to

be able to compete with other distributors on price. And being able to compete on price means selling Chinese product.

Similarly, the ultimate customer buying the product would not know the difference between Chinese and domestic plywood and would not care. For example, a cabinet made entirely from domestic hardwood plywood would look and function exactly the same as a cabinet made entirely from Chinese hardwood plywood. The only difference that would be noticeable to a general consumer would be the price.

I would also like to highlight that hardwood plywood is used in a wide variety of applications and in various industries. While the Commission has heard a lot about residential uses, particularly cabinets, there is also a large demand for hardwood plywood in commercial sectors as well. This includes sectors like hospitality, schools, and hospitals. But it does not matter what the end use is and it does not matter what the sector is. Chinese hardwood plywood competes with domestic hardwood plywood everywhere.

Given the competition between Chinese and domestic hardwood plywood and the large volume of Chinese hardwood plywood entering the United States, I am not surprised to see that U.S. producers have lost sales and market share even during a time of growing demand. This is a shame. I know many distributors would love to support the U.S. industry and source mainly domestically-produced

hardwood plywood. However, a distributor simply cannot compete without selling Chinese product. Because price is such an important factor in the market and because Chinese hardwood plywood is priced so low, distributors have to offer low-priced Chinese goods or else they would not only lose individual sales but risk losing customers all together. In short, distributors have no choice.

Thank you.