

**RUBBER BANDS FROM CHINA, SRI LANKA AND THAILAND**

**INV. NOS. 701-TA-598-600 AND 731-TA-1408-1410 (PRELIMINARY)**

**STATEMENT OF BONNIE SPENCER SWAYZE**

**February 20, 2018**

GOOD MORNING. MY NAME IS BONNIE SPENCER SWAYZE AND I AM THE PRESIDENT OF ALLIANCE RUBBER CO., BASED IN HOT SPRINGS ARKANSAS.

MY FATHER, BILL SPENCER, STARTED ALLIANCE RUBBER CO. IN ALLIANCE, OHIO IN 1923. ON MARCH 8 OF THIS YEAR ALLIANCE WILL CELEBRATE ITS 95TH ANNIVERSARY.

IN 1944, AS ALLIANCE RUBBER COMPANY GREW AT A RAPID PACE, MY FATHER OPENED A SECOND PLANT IN HOT SPRINGS. HE SERVED AS CHAIRMAN EMERITUS UNTIL HE PASSED AWAY IN 1986, OVERSEEING THE COMPANY'S MOVE ACROSS THE COUNTRY, AS WELL AS MANY PRODUCT INNOVATIONS. TODAY, THE COMPANY MANUFACTURES RUBBER BANDS AT THE HOT SPRINGS FACILITY STARTED BY WILLIAM, HAS 176 EMPLOYEES AND PRODUCES APPROXIMATELY 15 MILLION POUNDS OF RUBBER BANDS EACH YEAR.

ALLIANCE MANUFACTURES AND SELLS A WIDE RANGE OF RUBBER BANDS, INCLUDING STANDARD RUBBER BANDS, PRODUCE AND FLORAL BANDS, IMPRINTED BANDS, CUSTOM BANDS, SHELLFISH BANDS, GEAR WRAPZ™ AND STRAPZ™. ALLIANCE SELLS THE RUBBER BANDS IT MANUFACTURES IN HOT SPRINGS TO SEVEN DIFFERENT INDUSTRIES: (1) STATIONERY, (2) PAPER AND PACKAGING, (3) NEWSPAPERS, (4) AGRICULTURAL, (5) RETAIL, (6) GOVERNMENT AND POST OFFICE, AND (7) ADVERTISING SPECIALTY.

ALLIANCE HAS RECEIVED THE EXCELLENCE IN INNOVATION AWARD FROM THE U.S. DEPARTMENT OF COMMERCE, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY AND MANUFACTURING EXTENSION PARTNERSHIP. ALLIANCE IS THE LEADING U.S. MANUFACTURER OF RUBBER BANDS.

THERE WAS A TIME WHEN ALLIANCE HAD SIGNIFICANT MANUFACTURING COMPETITION BASED IN THE UNITED STATES. FORTY YEARS AGO THERE WERE 14

RUBBER BAND MANUFACTURERS IN THE UNITED STATES, AND TODAY THERE ARE ONLY THREE, WITH ALLIANCE ACCOUNTING FOR A LARGE MAJORITY OF U.S. PRODUCTION.

HOWEVER, OVER TIME THE PRESSURE FROM ASIAN SOURCED IMPORTS HAS CAUSED ALL OF OUR SIGNIFICANT U.S. COMPETITORS TO EXIT THE RUBBER BAND MANUFACTURING BUSINESS.

ALLIANCE IS FIGHTING FOR ITS SURVIVAL IN THE FACE OF IMPORTED RUBBER BANDS FROM THAILAND, CHINA AND SRI LANKA, AND WE SEEK YOUR ASSISTANCE IN OBTAINING A LEVEL PLAYING FIELD FOR OUR RUBBER BAND PRODUCTS OFFERED FOR SALE IN THE UNITED STATES.

IN THE EARLY 2000'S, ALLIANCE EXPERIENCED A SLIGHT DECREASE IN SALES VOLUME. AT THAT TIME, THE COMPANY REALIZED ONE OF THEIR BIGGEST INDUSTRIES, NEWSPAPERS, WAS EXPERIENCING A SALES DECREASE, AS WELL. TO STAY RELEVANT IN THIS EVER-CHANGING WORLD, ALLIANCE BEGAN EXPANDING SALES TO OTHER AREAS, LIKE AGRICULTURE.

SINCE 1988, ALLIANCE HAS MAINTAINED AN OFFICE IN SALINAS, CALIFORNIA , WHERE A LARGE SHARE OF AMERICAN PRODUCE IS GROWN, AS ALLIANCE BANDS ARE PLACED ON MANY DIFFERENT FRUITS, VEGETABLES AND SPICES, INCLUDING ASPARAGUS, BROCCOLI, CELERY, CARROTS AND CILANTRO.

IN 2008, ALLIANCE BATTLED A SEVERE RUBBER PRICE FLUCTUATION. TO ACCOMMODATE THE RAPIDLY RISING COSTS, THE COMPANY HAD TO RAISE PRICES, AND LOST A FEW CUSTOMERS IN THE SHORT-TERM.

THE PRICE FLUCTUATION WAS DIFFICULT FOR ALLIANCE, BUT WE NEVER LOST SIGHT OF WHAT IT OFFERS: SUPERIOR QUALITY RUBBER BANDS AND SUPERLATIVE CUSTOMER SERVICE.

ULTIMATELY, THE MARKET EVENED OUT AND THE MAJORITY OF THE CUSTOMERS CAME BACK, UNTIL THE RECENT SPIKE IN IMPORTS AND THE RELENTLESS PRESSURE FROM ASIAN IMPORTS THAT ARE TAKING SALES AND HARMING ALLIANCE'S FINANCIAL POSITION.

THE LOSS OF THE STAPLES BUSINESS WILL CAUSE A DECLINE IN RUBBER BANDS MADE AND SOLD BY ALLIANCE AND HAS ALREADY DISRUPTED ALLIANCE'S PLAN TO BUILD AND UTILIZE A NEW 20,000 SQUARE FOOT WAREHOUSE IN HOT SPRINGS TO SERVICE THE NOW-LOST STAPLES ACCOUNT.

ALLIANCE AND OUR 176 WORKERS ALSO ARE THREATENED WITH ADDITIONAL MATERIAL INJURY IF THE UNFAIR PRICING PRACTICES OF THAI IMPORTS ARE NOT RESTRAINED BY ANTIDUMPING AND COUNTERVAILING DUTY ORDERS.

THAILAND IS THE WORLD'S TOP PRODUCER AND EXPORTER OF RUBBER. RUBBER PRICES HAVE WEAKENED AS DEMAND IN CHINA, THE WORLD'S BIGGEST CONSUMER OF RUBBER, REMAINED LACKLUSTER DUE TO CHINA'S ECONOMIC SLOWDOWN.

THANK YOU FOR YOUR TIME AND ATTENTION THIS MORNING.