

STEVE KAGEN, M.D.

WISCONSIN
8TH DISTRICT

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Congress of the United States

U.S. House of Representatives

Washington, DC 20515

www.kagen.house.gov

1232 LONGWORTH
WASHINGTON, D.C. 20515

TELE: (202) 225-5665

FAK: (202) 225-5729

WISCONSIN OFFICES:

700 E. WALNUT STREET
GREEN BAY, WI 54301

TELE: (920) 437-1954

FAK: (920) 437-1978

PAPER VALLEY RADISSON
333 W. COLLEGE AVENUE
APPLETON, WI 54911

TELE: (920) 380-0061

FAK: (920) 380-0051

TOLL FREE IN WISCONSIN

800-773-8579

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**International Trade Commission Testimony
Representative Steven Kagen, M.D.**

Thank you Madam Chair and members of the Commission for the opportunity to appear before you today in support of the domestic lightweight thermal paper (LWTP) industry and its workers.

As a consequence of the unfair trading practices employed by certain Chinese and Germany manufacturers, our LWTP industry is in dire need of relief from the dumped and subsidized imports. Failure to recognize this ongoing threat to the American papermaking industry will result in greater job losses in Wisconsin and other Midwest states, and undermines the survival and preservation of this vital sector of our regional economies.

During the past year, unusually high levels of lightweight thermal paper at unjust and artificially low prices have been entering the U.S. market from China and Germany. As a direct result, U.S. manufacturers of LWTP, who provide significant higher-wage jobs to Wisconsin and the Midwest region, are witnessing a sharp erosion of their market share, while, at the same time, struggling to keep up with the increasing global commodity cost of energy and pulp.

Appleton, the chief petitioner in this case, has been headquartered in the Fox River Valley of Wisconsin for over a century, and is currently the world's largest producer of carbonless paper and a leading producer of thermal, security and performance packaging products. As an indispensable American company with over 1,300 employees in Wisconsin, its case is critical to the state, which is now experiencing the highest unemployment figures in ten years.

Since 2001, Appleton, which has a total of more than 2,400 employees, has been entirely owned by its shareholders who share in both the net income and losses for the business. I want to welcome Appleton's leadership, many of whom are appearing before the Commission, and to acknowledge the encouragement and steadfast assistance of the United Steelworkers Union, who have traveled great distances from northeast Wisconsin and other areas, to support a favorable decision on this case. Additionally, it is important to note that the despite shrinking manufacturing operations across the state, Appleton's plans to invest nearly \$14 million in Wisconsin.

If U.S.-based companies are to continue to make the investments in jobs and capital equipment necessary for long-term prosperity, they cannot compete on an uneven playing field against artificially low-priced imports. Our paper manufacturers can compete with anyone, provided that the same rules are applied to their competitors.

It is for these reasons that I appear today, and to speak for the workers and families of the paper mills in the Fox River Valley, who have sustained our communities for generations. Their voices are mine, and I will continue to advocate on their behalf.

I believe that the facts of this lightweight thermal paper case are overwhelming. Just last week, the U.S. Department of Commerce concluded that LWTP imports from China and Germany are being dumped at prices below the fair market value. It is my sincere hope that the Commission will take this recent determination into serious consideration as it prepares to render a decision on Appleton's case.

Like many of my colleagues, I share a commitment to defending the essential jobs and substantial investments the papermaking sector represents in our region. Furthermore, I believe that doing so requires appropriate oversight and aggressive actions in order to curb unfair trading practices by foreign competitors.

Unfortunately, the paper industry of Wisconsin is already familiar with the calamitous costs associated with a lack of federal intervention on these trade matters. As you are aware, NewPage Corporation and other coated free-sheet paper producers filed anti-dumping and counter-veiling duty petitions last year. Since the Commission's ruling that the U.S. paper industry is neither materially injured nor threatened with injury by imports of coated free sheet paper from China, Indonesia and Korea, NewPage has shut down its pulp mill in Niagara, Wisconsin, which employed 319 workers, and closed its facility in Kimberly, Wisconsin, displacing roughly 470 individuals. There is no doubt that illegal paper and illegally subsidized imports have been the cause.

On the easel behind me are photographs of former workers of the facility in Kimberly and their families. In medical parlance, their bodies are still warm. I also want to call your attention to the photograph of me and my staff standing in front of the U.S. Capitol with a banner signed by over 3,000 citizens from Kimberly and the Fox Cities expressing their anger about the closing of the Kimberly mill, and their hopes that the facility will soon be reopened.

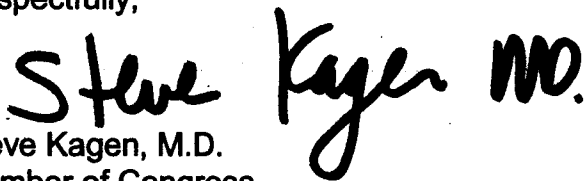
The following Appleton workers: Terri Vangrinsen, Jana Hughes, Chris Charenbroch, Tod Turkow, Scott Schneider, George Peters, Mike Sitter, Mickey Roeland, Rick Bahr and Dave Fischer, who have joined us today to witness justice being done. They must not be allowed to suffer the same fate as their neighbors in Niagara and Kimberly. It is time to stand up for domestic industries against unfairly traded imports and to hold unjust competitors everywhere accountable for their actions.

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In closing, I respectfully request the Commission support the decision of the U.S. Department of Commerce and the U.S. lightweight thermal paper industry, as well as the hard working families of Northeast Wisconsin - for as Niagara and Kimberly and Appleton go, so goes our nation.

Respectfully,

A handwritten signature in black ink that reads "Steve Kagen M.D." in a cursive, slightly slanted script.

Steve Kagen, M.D.
Member of Congress
Wisconsin - District 8