

**Testimony by Senator Susan Collins
U.S. International Trade Commission (ITC)**

**Antidumping and Countervailing Duty Investigations: Certain Amorphous Silica Fabric
from China, USITC Inv. Nos. 701-TA-555 and 731-TA-1310 (Final)**

January 18, 2017

I appreciate the opportunity to testify today about how unfairly traded Chinese imports are injuring the American manufacturers of amorphous silica fabric, including Auburn Manufacturing, Inc. (AMI) based in Auburn, Maine. I request that my written statement be entered in the hearing record.

AMI is the largest American producer of industrial grade amorphous silica fabric (ASF) and accounts for well over half of such fabric produced in the United States. The company manufactures a high-quality ASF product that meets stringent U.S. Navy specifications for welding operations. AMI has provided more than a million yards of its products to the Navy under several multi-year contracts.

Unfortunately, unfair and illegal subsidy practices by Chinese central, provincial, and local governments, as well as dumping practices by Chinese ASF producers are harming the hard working men and women at Auburn Manufacturing.

AMI has also seen its profitability and growth potential harmed by these trading practices, which allow Chinese producers to sell ASF at artificially low prices. According to Auburn Manufacturing, the illegally subsidized ASF from China caused the volume of imports of Chinese ASF to increase more than 150 percent between 2012 and 2014. AMI further notes, using data sourced from the International Trade Commission's Dataweb, that the price per unit of ASF from China has remained extremely low - from between \$2 and \$4 USD per kilogram - during this same time period. By contrast, AMI's average price per kilogram varied between \$17 and \$18 USD.

AMI has lost several sales as a result of unfair competition from Chinese producers. It has been forced to lay off employees, and its remaining workers have had their take-home pay reduced as the number of hours they work has declined sharply. I am very concerned about the possibility of future job losses in this highly-specialized U.S. textile industry.

In January 2016, Auburn Manufacturing filed an antidumping and countervailing duty petition against imports of amorphous silica fabric (ASF) from China. The Department of Commerce issued preliminary antidumping duties of more than 160 percent and countervailing duty margins ranging from 27 to more than 140 percent on Chinese ASF manufacturers. In addition, the Department found that there had been a massive imports of ASF into the U.S.

U.S. manufacturers and workers can compete against the best in the world, but they cannot compete against foreign firms that receive huge government subsidies and other unfair advantages. I hear from manufacturers and their workers in Maine and across the country whose efforts to compete successfully in the global economy simply cannot overcome the practices of illegal pricing and subsidies of nations such as China. The results of these unfair practices is too often lost American jobs, shuttered factories, and decimated communities.

Over the past decade, China has undergone a significant economic transformation. While its economy is no longer entirely government controlled, neither has it transitioned to a market-based economy. The Department of Commerce and the U.S. Trade Representative have catalogued the multitude of subsidies provided by the Chinese government. These include national and local income tax exemptions, low-cost loans provided by the Chinese government through government-owned banks, and tax breaks based on export performance and domestic equipment purchases.

The use of these subsidies and other economic incentives that are designed to give its producers an unfair competitive advantage clearly violates international rules and China's World Trade Organization obligations. These practices have unfairly put U.S. producers at a competitive disadvantage and caused financial harm to U.S. manufacturers like Auburn Manufacturing.

United States trade laws are designed to protect against the type of unfair competition specified in AMI's antidumping and countervailing duty petition, and I support enforcement of these trade laws to protect Maine workers. Addressing unfair and potentially illegal trade practices by foreign governments and Chinese competitors is crucial to ensuring a continued domestic source of industrial grade ASF to supply U.S. Navy welding activities. In addition, the financial health of Auburn Manufacturing is critical for the livelihood of its employees and for the economic activity it generates within the local community.

Given these circumstances, I urge you to consider the record carefully as I believe clear violations of international trading rules and practices exist. If these violations are not addressed, Maine could lose an important employer to unfair trade.

I thank the panel for the opportunity to testify today.