Testimony of Richard Baillie, Fluoropolymers Trade Alliance

My name is Richard Baillie, and I am the President of Baillie Advanced Materials, a U.S. distributor of fluoropolymer products based in Newark, Delaware. I represent the Fluoropolymers Trade Alliance, a group of U.S. processors, compounders, and distributors here to testify against the proposed 301 duties on PTFE and other fluoropolymers imported from China under tariff codes 3904.61 and .69. For simplicity, I will refer to all products within these codes as fluoropolymers.

We oppose these duties that will have a devastating effect on the domestic fluoropolymer industry, hurting our competitiveness and driving jobs and investment out of the U.S. Today the domestic fluoropolymer industry is globally competitive and healthy – as shown by a large and growing trade surplus with China that will be jeopardized by the proposed 301 duties.

Fluoropolymers are components in a wide variety of products that are manufactured in the U.S. and are essential to our economy. These include medical implantable devices, cookware, sealants, wire and cable insulation, dental floss, architectural coatings and fabrics, apparel, solar cells, and batteries. These also include many products necessary for oil and gas exploration, semiconductor manufacturing, and military and aerospace applications.

Fluoropolymers have been my life's work. I am a chemical engineer who started at DuPont, where I lead the manufacturing plants for Teflon® (PTFE) and

fluoroelastomers in West Virginia and New Jersey. I also worked for WL Gore, the makers of "Gore-tex®." I founded two distributorships, including the only fluoropolymer distributor in the U.S. for Chemours. I have also served as the Chairman of the Fluoropolymers Division in the Plastics Industry Association.

Based on my life's experience, I testify that 301 duties imposed on these products would cause severe and irreparable economic harm to the U.S. fluoropolymer industry. Many U.S. businesses will be harmed – small, medium, and large. There are over 4,000 of these businesses in the U.S. employing hundreds of thousands of workers. The fluoropolymers purchased by these businesses are very expensive and typically the only products which work. Our industry employs highly skilled workers, including thousands of machinists who create parts from stock shapes of PTFE. Our industry sells billions of dollars of fluoropolymer resins that are converted into tens of billions of dollars of products that are essential to the U.S. economy.

The U.S. fluoropolymer industry has for decades processed products manufactured domestically and imported. Today China is an essential trading partner. Two-thirds of global fluorspar production comes from China. Because fluorspar is the only source of fluorine in the manufacture of fluoropolymers, our industry depends on a healthy trading relationship with China. We have a large and growing trade surplus with China for fluoropolymers. In 2017, we had nearly

a $15 million trade surplus with China and a $21 million annualized surplus for 2018. This surplus demonstrates our healthy trading relationship with China that is necessary for our industry to survive – but can only be damaged by the 301 duties.

There is insufficient U.S. capacity to supply our industry. The handful of domestic producers do not make enough volume and variety for our needs. Some grades of fluoropolymer products are made only in China. Further, there is currently a critical worldwide supply shortage of fluoropolymers, with producers routinely limiting supply to the processors. 301 duties would exacerbate the supply shortage and threaten our ability to remain globally competitive.

The U.S. fluoropolymer industry is currently strong and growing. The proposed duties endanger our hundreds of thousands of employees. These duties would require our businesses to invest and employ workers abroad to remain competitive, because the cost of fluoropolymers is typically their largest expense. Once this happens, it would take decades to reverse the harm – even if the duties are in effect for a short time. Small and medium sized businesses will suffer the most without the global reach and resources necessary to remain competitive. The tens of billions of dollars which we contribute to the U.S. economy are at stake.

301 duties on fluoropolymers from China do not serve our national interest. Our industry currently benefits from fair and reciprocal trade with China, as shown by our domestic producers having facilities there and our trade surplus. 301 duties

on these products will upset the favorable balance that the U.S. industry enjoys today and will cause severe harm to the U.S. fluoropolymer industry. We urge the Administration not to take such action that will cost American jobs, exacerbate the current supply shortage, and risk our healthy trade surplus.

On behalf of the Fluoropolymers Trade Alliance, I appreciate the opportunity to testify and can answer any questions.