Testimony of Al Pape, Shamrock Technologies, Inc.
USTR Section 301 Hearing, July 24-25, 2018
HTS 3904.61.00, 3904.69.10, and 3904.69.50

Good Morning. My name is Al Pape. I am the President of Shamrock Technologies, Inc., and I am testifying today in opposition to the proposed tariffs on fluoropolymers and polytetrafluoroethylene, better known as PTFE. Shamrock Technologies is a U.S.-based manufacturer headquartered in Newark, New Jersey. Our company was founded over 75 years ago in New York City. We design, manufacture, and supply PTFE micropowders and other specialty products for a wide range of applications, including inks, coatings, lubricants, and thermoplastics. We have four manufacturing facilities in the United States. One facility is located in Newark, New Jersey and three are located in Henderson, Kentucky. We also have one manufacturing facility in China, and one in Belgium. In total, we have six manufacturing facilities across three continents. These facilities top more than 500,000 square feet. However, by far, our largest facilities are at home in the United States. The three manufacturing facilities in Henderson, Kentucky account for almost 300,000 square feet.

We market and sell our products in the United States, Europe, Asia, and South America. Greater than 300 of our customers are right here in the US and today, we employ more than 200 people in the United States, and inject approximately $35MM dollars annually into the U.S. economy. We invest

between $2MM - $5MM dollars in capital improvements per year in the US, and spend over $4MM dollars each year on US generated energy. We also pay taxes approaching $10MM/yr in the US and in the communities where our plants are located.

Shamrock Technologies is the global leader in the manufacture of PTFE micropowders, and we are the world's largest recycler of PTFE. PTFE micropowders are used as additives in thousands of products. The micropowders add lubricity, and improve the wear characteristics of base materials, such as thermoplastics, greases and coatings. As the leading producer of PTFE micropowders, we offer the widest range of products made from both virgin and post-industrial scrap PTFE. We buy and sell PTFE scrap, resin and processed material in China. We also buy PTFE scrap from processors in the U.S and other locations around the globe. The ability of US processors to buy PTFE at competitive rates is critical to support our model of US-based growth in manufacturing.

Using our recycling technology, we convert PTFE scrap into micropowder. Our recycling processes are critical to environmental stewardship as we have successfully demonstrated that PTFE is recyclable. Our processes keep greater than 5MM lbs/yr of PTFE from winding up in landfills. Since PTFE scrap can be neither incinerated nor dumped as waste, this is a critical process to help not only

the environment, but also to create jobs and value for the US economy and the communities and families of our employees.

Shamrock opposes the proposed tariffs on PTFE and fluoropolymers as the tariffs will likely result in disproportionate harm to U.S. interests. Today, the PTFE and fluoropolymers industries in the United States are healthy and competitive, but the proposed tariffs threaten the competitiveness of the U.S. in these industries. The tariffs will result in an imbalance in the ecosystem of PTFE and resultant PTFE scrap, which is critical for our business. It will force key processors of PTFE like Shamrock to focus our investment and growth plans outside of the US where we can achieve the returns required to justify capital equipment. We are a US-based company and proud to make greater than 75% of our products in the US. If these tariffs become effective, that will have to change and it cannot be quickly reversed.

Only a handful of U.S. companies are producing PTFE and there is insufficient U.S. production to meet U.S. demand. The imposition of tariffs on these products will only exacerbate prices and the availability of supply.

Furthermore, we expect that the U.S. will soon make significant investments to replace our aging infrastructure. Much of the investments will depend on fluoropolymers, such as PTFE, as these products are widely used in the construction industry. For this reason, many companies are investing in the

fluoropolymers industry in the U.S. If the tariffs are imposed to increase the price of PTFE and fluoropolymers from China in the U.S. as compared to the rest of the world, the U.S. fluoropolymer industry will suffer. The imposition of tariffs on these products will also make it easier for foreign companies to compete with U.S. producers of PTFE and fluoropolymers. U.S. suppliers and processors of these chemicals simply need to be competitive, and the proposed tariffs will have the opposite effect.

Finally, the imposition of tariffs on these products would not be effective to cause China to change its unfair practices with respect to technology transfer, intellectual property, and other discriminatory practices. Although we have a manufacturing facility in China, we have not been required by any entity in China or the Chinese government to share any intellectual property or our proprietary research and development. We have not been required to enter into restrictive licensing agreements, form joint ventures, or otherwise limit competition.

We do not believe the proposed tariffs on PTFE and fluoropolymers are likely to change unfair practices in China, but they will result in significant harm to the PTFE and fluoropolymers industries in the U.S. We therefore request that these products be removed from the proposed list of Section 301 tariffs.

That concludes my testimony. Thank you for the opportunity to be heard today and I welcome any questions.