

Testimony of Senator Rob Portman
Before the United States International Trade Commission
Hearing on Large Residential Washers from Korea and Mexico
December 11, 2012

I want to thank the members of the U.S. International Trade Commission for the opportunity to submit this testimony for your consideration as you consider the petition filed by Whirlpool Corporation for antidumping and countervailing duties on large residential washers imported from Korea and Mexico.

It is because this case is unusual and has important policy and systemic issues that are of interest and concern not just to Whirlpool but to job creators across this country that I wanted to take this special step and submit testimony to you today. The issue is how those of you charged with interpreting and applying the trade remedy laws will view a decision like the one Whirlpool made in this case—to return production for the United States to the United States. I know that from a pure trade remedy stand point, such a move creates a two-pronged problem: pushing against a finding of injury because it both lowers the volume of imports and increases the shipments made by US producers. Thus, if you just focus on the numbers without that context, you might miss the real story of what has happened here.

And that story, to my mind, is a compelling one. Whirlpool chose to invest in America, placing its faith in the work ethic and the ingenuity of more than 3,000 workers in Clyde, Ohio, out of the more than 10,000 Whirlpool employees in my home State of Ohio. But it also placed its faith in the marketplace and the notion that if you make a good, competitive product that consumers want to buy and you price it fairly, your investments will pay off. When Whirlpool made the decision to invest more than \$100 million in the plant in Clyde, Ohio, they were, in my

view, entitled to assume that there would be a fair and competitive pricing environment. They were equally entitled to assume that the U.S. trade remedy laws were as available to them as to any other American business if it turned out, as it has here, that unfairly traded imports came pouring in.

I believe that the trade remedy laws give you basis on which to take these facts into account and that if you do so, you will send an important message to businesses across this country that are facing decisions similar to the one Whirlpool made in 2008: to bring jobs and manufacturing back to America — to my state of Ohio — from Germany and Mexico. I am aware that this situation of returning production to the United States may give you data that paints a murkier picture than you might often see. However, the trade statutes expressly allow you to consider “such other economic factors as are relevant to the determination of whether there is material injury” and further require you to examine the impact that unfairly traded imports are having “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.” I urge you to use that flexibility to put Whirlpool’s story into proper context as you evaluate this case.

And that story ought to be one of success. When the new washers began rolling off the line in Clyde, *Consumer Reports* acknowledged what we in Ohio already knew—that we have some of the most skilled workers in the world who make world-class products. The 2011 *Consumer Reports* rankings of nearly 100 front load washers awarded each of the top five rankings to Whirlpool for the washers they were making in Ohio. So Whirlpool has come home to America, making the best products in the world, with great workers. Yet, because of unfair pricing competition, it is losing money on nearly every washer it sells, and it has lost tens of millions of dollars since the launch of its new washer platform in Clyde less than two years ago.

Moreover, the U.S. Department of Commerce has already found in this investigation that LG and Samsung received illegal subsidies and were dumping their washers in the U.S. market, thereby gaining an unfair competitive advantage over American manufacturers such as Whirlpool. Now the data before you today show that LG and Samsung were able to use that unfair advantage to undercut U.S. prices.

I understand that this case presents some challenges in terms of how you view the price competition occurring in the market, given how many different features and configurations are available from both U.S. manufacturers and foreign competitors like LG and Samsung. However, I urge you not to discount this point because of the complexity of the array of washers or to come to the conclusion that you cannot make a determination of the effect the imports have had on prices or U.S. producers. Doing so in this case could send a very unfortunate signal that the dumping laws are not available to U.S. companies who make highly differentiated consumer products.

What Whirlpool is asking for is nothing more than the opportunity to compete against fairly traded imports. I believe the trade laws have to apply in situations like this one to create the level playing field our companies expect and deserve. I do not believe those of us in the Congress would have written the trade laws in a manner that would discourage American companies from bringing their production and their jobs home.

I appreciate your willingness to examine this case closely. I know that you will apply the trade remedy laws fairly and evenhandedly. I thank you for the opportunity to submit these comments for the record in this case.