

**Statement of Leib Oehmig
to the
House Committee on Ways and Means Subcommittee on Trade
U.S. House of Representatives
Hearing on the Miscellaneous Tariff Bill:
*Helping U.S. Manufacturers through Tax Cuts***

April 14, 2016

Chairman Reichert, Ranking Member Rangel, and distinguished members of the Subcommittee, it is an honor to appear before you today as the Subcommittee considers miscellaneous tariff bill reform and the economic benefits of providing tax cuts on raw materials and intermediate products that are not produced or available in the United States.

Introduction

I serve as President and Chief Operating Officer for Glen Raven, Inc. Glen Raven is headquartered in Glen Raven, North Carolina, where the company was originally founded in 1880, and today remains under the same family ownership as its founder. Glen Raven employs more than 2700 associates globally with approximately 75 percent of those associates located in the United States. We

operate five manufacturing facilities in North and South Carolina, along with 12 distribution facilities in 11 states.

Innovation has been a driving force throughout our company's history – for instance, Glen Raven is credited with the invention of panty hose in 1958, the innovative use of geotextiles for building roads across America, and finding new ways textiles can bring clean water around the world. Today, Glen Raven is most well known for its Sunbrella® brand of fabrics – the Sunbrella® brand covers a family of performance fabrics for the furniture, shade, marine, and automotive industries. Our Sunbrella® portfolio of products drives innovation throughout the industry and supports thousands of U.S. jobs in research and development, design and manufacturing.

Glen Raven has been manufacturing our Sunbrella® line of products since 1961. In 1994, Glen Raven broke ground on a one million square foot vertical ISO 9001 and 14001 certified manufacturing operation in Anderson, South Carolina. This is a state-of-the-art manufacturing plant where solution-dyed acrylic fibers are processed on one end of the facility and finished rolls of Sunbrella® fabrics emerge on the other end. This operation is also home to one of our major research and development centers and testing labs and is a landfill free facility. Most recently, in 2014 Glen

Raven invested an additional \$13.5 million in the Anderson manufacturing center where we created 10 additional jobs and now employ 690 associates.

Glen Raven is also a proud member of the National Association of Manufacturers (NAM). The NAM (www.nam.org) is the largest industrial trade association in the United States, representing more than 14,000 small and large manufacturers in every industrial sector and in all 50 states. The NAM leads industry efforts supporting the passage and implementation of a transparent, regularized and predictable MTB process that will benefit manufacturers like Glen Raven, as well as many others in industries ranging from agriculture and chemicals to electronics, machinery and beyond.

Need for a Miscellaneous Tariff Bill Process

The essential raw materials for Sunbrella® fabrics are solution-dyed acrylic fibers. Solutia, the last U.S. manufacturer of solution-dyed acrylic fibers, closed its U.S. operations in 2005. Since 2005, Glen Raven has imported these fibers and currently pays a 4.3 percent duty or tax on the value of these imports. These import taxes on acrylic fibers are taxes that we do not pay anywhere else in the world where we manufacture nor do our competitors pay such a tax – this is the result of either an available domestic supply

or other countries having eliminated the duty. These taxes make us less competitive in the global marketplace where we are already confronting tremendous headwinds, including slowing global economic growth, currency challenges and a rapidly changing regulatory environment.

Solution-dyed acrylic fabrics are highly technical in that the coloring occurs during the manufacturing process for these fibers. Therefore, the color actually becomes part of the polymer. In traditional textiles, fibers, yarns, or fabrics are dyed after they are manufactured, and as a result, the color is only on the surface. The net effect is that solution-dyed acrylic fabrics are created from yarns fully permeated with color versus only having color on the surface. Sun, wear and tear, even bleach will not affect the color or performance of Sunbrella® fabrics. In order to sustain Glen Raven's position as an industry leader and driver of innovation, we must have competitive access to these essential fibers, which are simply no longer produced in the United States.

Because of the warranties offered on our Sunbrella® products – ten years for marine and awning fabrics and five years for furniture fabrics – the fibers used in the manufacturing of our fabrics must be solution-dyed and meet stringent performance specifications. Our warranties are the best in the industry and solution-dyed

acrylic fibers are essential for Glen Raven to sustain this commitment and continue to innovate and build upon the success of the Sunbrella® brand.

In the past, Glen Raven has effectively addressed the 4.3 percent import tax on acrylic fibers through the enactment of MTBs. Since the expiration of the last MTB in 2012, import taxes on acrylic fibers have cost Glen Raven millions of dollars that otherwise would have been invested in new jobs, research and development, design and other innovative activities. Further, when you consider the productivity costs to the U.S. economy, the impact is substantial. According to a study by the National Association of Manufacturers, since the expiration of the last MTB, U.S. companies have faced a \$748 million annual tax hike on manufacturing and an almost \$1.9 billion economic loss to the U.S. economy.¹ Additionally, the MTB package passed by Congress in 2010 was estimated to support 90,000 domestic manufacturing jobs, increase U.S. production by \$4.6 billion and expand U.S. GDP by \$3.5 billion.² As I mentioned earlier, U.S. companies are already facing tremendous headwinds as we strive to compete in a global economy. A \$748 million annual tax hike on raw materials and intermediate products that are not

¹ National Association of Manufacturers (2013). *NAM Releases New Economic Impact Numbers on the MTB [press release]*. Retrieved <http://www.nam.org/Issues/Trade/MTB/NAM-Releases-New-Economic-Impact-Numbers-on-the-MTB/>

² National Association of Manufacturers (2013). *NAM Releases New Economic Impact Numbers on the MTB [press release]*. Retrieved <http://www.nam.org/Issues/Trade/MTB/NAM-Releases-New-Economic-Impact-Numbers-on-the-MTB/>

even produced or available in the United States is simply unwarranted.

Conclusion

In closing, I know this Subcommittee and the Ways and Means Committee have long recognized the need and justification for the MTB. On behalf of Glen Raven and our associates, I thank you for recognizing the importance of the MTB, but also urge you to move forward with a new and reformed process that will provide a level of certainty and predictability.

Most companies make investment decisions on a five to 10 year horizon. For a medium-sized company, like Glen Raven, when there is uncertainty about whether taxes will be imposed on our raw materials or whether there will be a process to provide us with relief, it significantly complicates our decision-making regarding where to invest and produce our fabrics – especially when neither Glen Raven nor our competitors confront these taxes anywhere else in the world.

I hope Congress will work expeditiously, in a bipartisan and bicameral manner, to pass a new MTB process. I know for Glen Raven, this is one of the most impactful actions Congress can take to spur investment and job growth.

Thank you for the opportunity to present these perspectives. I would be happy to answer any questions the Subcommittee may have.