

Testimony  
of  
The Honorable Barbara Cubin  
Representing all of Wyoming

Oversight Hearing  
on  
International Trade and the Impact on the U.S. Soda Ash Industry  
Senate Finance Subcommittee on International Trade

April 15, 2004

Chairman Thomas, thank you for inviting me to testify before the Subcommittee on International Trade in regard to the incredibly important issue of international trade and its impacts on the U.S. Soda Ash Industry, and, more specifically, the state of Wyoming.

The U.S. Soda Ash industry, which until recently was the largest in the world, has the bulk of its production through four plants in the great state of Wyoming. The total estimated value of the industry is around \$800 million.

With the nation's economy gaining momentum, we are beginning to see a very bright economic outlook for the United States. Nearly one million jobs have been created since August 2003. Over the past year, the unemployment rate has fallen in 45 of the 50 states and the unemployment rate, at 5.7 percent, is lower than the average of the 70s, 80s and 90s.

These are all very rosy numbers, but I ask you what those numbers mean to the seven hundred employees of the Wyoming Soda Ash industry who lost their jobs since 1997? These economic numbers don't help them put food on the table. They don't help them buy new pick up trucks or homes. They don't put their kids through college and they don't help them sleep at night.

It is my prime responsibility as Wyoming's lone Representative to make sure every person in Wyoming who wants a good-paying job can find one so they can put food on the table, buy a home with a yard, and raise a family in comfort. People live in this state so they can hike and hunt with their kids, away from the rat race of the big cities, and so they can avoid a heavy-handed state government and high state taxes. Wyoming is blessed with an incredible quality of life, cheap cost of living, and people who treat one another with respect. In Wyoming, a stranded motorist won't be stranded long before they are given a lift to the next town.

In carrying out my responsibility to make sure every Wyoming person has access to a good-paying job, I work to ensure for each industry in the state a level playing field, and even an advantage if possible, when competing with our neighbors in the US and around the world. This

includes building jobs in the energy, trona, agriculture, timber and tourism industries, to name just a few.

We were all chagrined when communist China supplanted the US as the world's largest soda ash producer. China remains a major producer of synthetic soda ash, and is the largest competitor of the US in Asian soda ash markets.

This past year, China announced it planned to increase capacity at its Weifang soda ash plant by 600,000 tons this year, and to construct another new plant that will produce 900,000 tons when completed. It is distressing indeed to consider this level of production when we know how the Chinese exploit cheap labor and almost completely disregard even the most minimal environmental standards.

Add to this the fact that the market for domestic soda ash has been stagnant for nearly 20 years and that no one anticipates much growth for the flat glass or glass packaging that will grow the domestic market. We must find this needed growth in places like Asia and Australia, and that means we must take on the Chinese head on, and with every boost our government can give the Soda Ash industry.

In that vein, I want to fight every battle I can to provide the Wyoming Soda Ash industry with **a lower tax burden and royalty rate and more affordable energy costs.**

These are essentials to allow all Wyoming Soda Ash producers to compete on a level playing field with the likes of China, India and synthetic producers around the world, and in turn create jobs for the people of Wyoming.

#### **Lower Tax Burden and Royalty Rate**

The U.S. Soda Ash industry pays in the ballpark of \$100 million in taxes to federal, state and local governments. Due to the growth of China's Soda Ash exports, it is essential that we provide temporary relief to the Soda Ash industry in the form of royalty rate reduction.

As you know, I have developed a proposal to achieve this royalty rate reduction from 6% to 2% in order to allow the industry to begin to see increased export growth and competitiveness in the emerging world market. As Chairman of the Energy and Minerals Subcommittee, I look forward to continuing these efforts at the Capitol to effect this policy change whether it be administratively or through legislation.

#### **More Affordable Energy Costs**

Finally, with regards to more affordable energy costs, we must continue efforts to pass a balanced energy bill that will provide greater access for production of energy on federal lands and increase and diversify our nation's energy portfolio.

The energy bill contains several stand alone bills I introduced and attached, which will do just that:

- A Uranium sales prohibition which will slow the amount of government uranium sold on the market, help spot prices recover strongly, and make nuclear industry more affordable for those dependent upon it,
- Coal leasing amendments which will maximize efficient production of coal in the state, prevent premature closure of mines, ease the post Sept. 11th bonding crisis in the industry, and make coal more affordable and competitive with natural gas,
- Rights-of-way legislation that will help to facilitate the deployment of critical pipeline and telecommunications infrastructure to states made up largely of federal lands, such as Wyoming, and most every state in the West.
- Increase the chargeability limits of coalbed methane leases with regards to acreages held by production, ensuring an efficient and orderly production of the coalbed methane.

Certainly, the current high energy prices have benefitted the state of Wyoming and helped to create the \$1.2 billion surplus we experienced in the past year. However, while we all would like to see healthy energy prices and the money they pump in to our state treasury, it cannot be at the expense of all the industries in Wyoming and America who end up stuck with the bill.

One cannot expect the Soda Ash industry, which has faced a 150% increase in natural gas prices over the past four years, to maintain profitability when operating costs continue to rise. I am committed to finding a way to enact an energy bill similar to the one passed by the House of Representatives last fall. That bill has been stymied by obstructionist Democrats in the Senate who would rather play politics in a Presidential election year than reduce energy and operating costs for industries reliant on natural gas and help keep American jobs from being sent overseas.

Senator Thomas, I look forward to fighting vigorously on each of these fronts with both you and Senator Enzi to provide meaningful help to the Soda Ash industry and its 2,500 workers in our state.

I would again like to thank you for the opportunity to present this testimony on behalf of the hard working people of Wyoming as we work to open new markets for the Soda Ash industry and create the good-paying jobs that will help our communities grow and keep our children, our most precious resource, from moving to Salt Lake and Denver.