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## Report agrees foreign subsidies hurting U.S. papermakers

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A new economic policy report supports NewPage's claim that government subsidies of Chinese papermakers harm their U.S. counterparts, resulting in downtime and mill closures.

However, those who represent the foreign interests criticized the report, calling it biased and irrelevant.

Chinese paper producers garnered \$33.1 billion in government subsidies from 2002 to 2009, which increased their capacity and jeopardized U.S. papermaking operations, according to a study released Wednesday by the Economic Policy Institute, a nonprofit Washington-based think tank.

"China has moved from being a net importer to the largest exporter in the world and the largest producer in these industries," said Usha Haley, who authored the report after more than a decade of studying Chinese exports.

Haley is the author of a forthcoming book on the subject and also recently accepted a position as an international business professor at Massey University in Auckland, New Zealand.

Created in 1986 to broaden economic policy discussion to include the interests of low- and middle-income workers, the Economic Policy Institute analyzes the impact of policies and initiatives on the American public, according to its website.

The third of such studies -- Haley previously authored similar reports on Chinese steel and glass exports -- comes as Miamisburg, Ohio-based NewPage Corp., other domestic paper companies and the United Steelworkers of America wait for final determinations from the U.S. Department of Commerce and International Trade Commission in federal trade cases the groups filed in September.

NewPage operates facilities that include mills in Wisconsin Rapids, Biron, Whiting and Stevens Point, employing 2,360 people in central Wisconsin, according to the most recent employment estimates provided by the company.

Asia Pulp & Paper Americas, which represents the interests of Chinese and Indonesian papermakers, fired back Wednesday, attacking the report's data, saying it contradicts previously reported International Trade Commission numbers and does not accurately depict the situation.

"This study is not relevant to the pending trade case on coated free sheet paper, which is a very narrow part of the paper industry," acting APP Americas President Terry Hunley told the Daily Tribune in a prepared written statement.

Although she studied subsidies by paper type, Haley said difficulties in acquiring Chinese industry data make conducting a thorough study almost impossible. Companies and government records often are incomplete or simply do not exist, and the files that are available usually do not identify subsidies using the World Trade Organization definition, she said.

"The accounting data is murky," Haley said Wednesday during a telephone interview from her Connecticut home. "China claims it doesn't have subsidies."

In addition to the numbers, Hunley questioned the credibility of the organization's report, citing the institute's own website, which states from 2005 to 2007, the institute garnered 29 percent of its funding from labor unions. In addition, the report thanks the Alliance for American Manufacturing for its support, which Hunley said serves as evidence the report is biased.

"Attacking the report on the basis of its funding source is a desperate tactic that shows just how strong Dr. Haley's report is on the merits," EPI spokeswoman Phoebe Silag said in a prepared written response to Hunley's comments.

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