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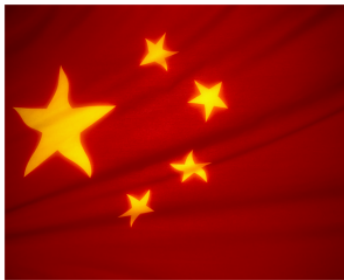
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China's Paper Industry Owes Rapid Growth to Government Subsidies

Creating an Unfair Global Advantage

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Massive Chinese government subsidies have given China's paper industry an unfair competitive advantage that has helped fuel the industry's rapid growth in recent years, contributing to the U.S.'s worsening trade deficit with China, a new study from the Economic Policy Institute shows.

China overtook the U.S. as the world's largest producer of paper and paper products in 2008, and has increased its production of paper three-fold since 2000, according to the study, [No Paper Tiger: Subsidies to China's Paper Industry from 2002-2009](#). The study shows that the rapid rise in China's paper industry did not result from advantages in natural resources, economies of scale or scope, new technology, or lower cost of production (including labor). Instead, the growth resulted from at least \$33.1 billion in various Chinese government subsidies paid to the country's paper industry between 2002 and 2009.



"The United States is a net importer of paper and paper products, and imports from China are rising faster than those from any other country. Over the past decade, U.S. paper mills have shrunk with drops in output, employment, revenues, and the number of domestic companies, while Chinese imports have risen rapidly," said the report's author, Usha C.V. Haley, a Chaired Professor of International Business at Massey University in Auckland, New Zealand, and an EPI research associate.

"Unless the U.S. government acts to offset unfair and illegal subsidies to Chinese paper exports, U.S. paper production will continue to erode, leading to further job losses and widespread mill closures," said Haley. "The United States should investigate the widespread use of subsidies throughout China's paper industry, and impose countervailing duties whenever those harm or threaten to harm domestic producers and workers making similar products in the United States."

The rapid rise of China's paper industry has led to a growing trade deficit in paper between the U.S. and China. Haley estimates that in February 2010, the annualized rate of growth of Chinese paper and paper products into the U.S. was 22%.

A [report](#) released earlier this year by EPI showed that the growing *overall* trade deficit between the U.S. and China eliminated or displaced an estimated 2.4 million jobs in the U.S. between 2001 and 2008. That report documented other ways in which China's government policies give China's industries an unfair advantage, including currency manipulation and wage suppression. And a [report](#) by Haley released last year shows that China's glass industry also became the world's largest thanks to government subsidies.

The Economic Policy Institute (EPI) is an independent, nonprofit, nonpartisan think tank that researches the impact of economic trends and policies on working people in the United States and around the world. EPI's mission is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity.

Source: [Reprinted From The Economic Policy Institute Website](#)

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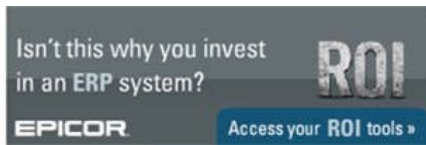


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Akatz 1 day ago

This is utter nonsense, USA mills have closed down because of antiquated machinery and inefficiencies, How about the help the chinese government has given to chinese printers? No tariffs or even discussions about that, This is very political, lets see which groups these old mills donate money to in washington, i wish one of the big boys in the printing industry would challenge that. We cant buy chinese paper cheaper but we sure can buy Chinese printing!!!!!! something is rotten!!!!

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