

Wyden tries to protect paper industry

By Peter Urban

Statesman Journal Washington Bureau

July 29, 2010

WASHINGTON — Oregon Sen. Ron Wyden is pressing the Obama administration to act against Chinese subsidies that he says are unfairly hurting the U.S. paper industry.

"American workers are fed up with foreign subsidies, and they need to know that the U.S. government is on their side," said Wyden, a Democrat.

"The investigation we are calling for is the first step toward achieving economic justice for our paper producers."

More than 100 members of Congress sent a letter to President Obama on Wednesday, seeking an in-depth examination of Chinese subsidies to its paper industry.

The letter was spearheaded by Wyden, Sen. Olympia Snowe, R-Maine, Rep. Michael Michaud, D-Maine., and Rep. Thad McCotter, R-Mich.

"America's paper industry is the most efficient in the world and is part of a supply chain that promotes sustainable forestry practices and good-paying jobs," the lawmakers wrote. "This industry should not be asked to continue to compete on the unlevel playing field that China has constructed through heavy subsidization of domestic production."

The letter was sent in response to a study recently released by the non-partisan Economic Policy Institute that found the Chinese paper industry received at least \$33 billion in subsidies from 2002 through 2009.

Those subsidies helped China triple its production during the past decade, according to the report's author, Usha C.V. Haley.

"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," Haley said.

"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."

Employment in the U.S. paper and paper products sector shed 159,000 jobs during the decade — a 29 percent decline — from 557,000 to 398,000, according to the Alliance for American Manufacturing.

"China's massive subsidies to its paper sector are doing severe damage to the U.S. paper industry," AAM Executive Director Scott Paul said. "U.S. policymakers must take action against China's blatant violations of trade laws, including sweeping subsidies to paper and many other industries."

The letter to Obama also was signed by Oregon Sen. Jeff Merkley and Oregon Reps. Kurt Schrader, Peter DeFazio and David Wu, all Democrats. The Alliance for American Manufacturing estimates that there are 6,745 paper-industry jobs in Oregon, including 1,435 in Schrader's district.

United Steelworkers, which represents about 130,000 U.S. paper industry workers, also wants action taken against the Chinese subsidies.

"Too many jobs and too many companies are being destroyed because of how China subsidizes production and violates free-trade principles in paper manufacturing as well as in other industries," USW International President Leo W. Gerard said.

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