

WhatTheyThink?

Paper companies applaud Congressional effort to address Chinese subsidies

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Miamisburg, Ohio - Appleton Coated LLC, NewPage Corporation, and Sappi Fine Paper North America applauded the efforts of more than 100 Members of Congress who wrote to President Obama asking for action on Chinese subsidies to their paper producers.

The letter to the President urges that he "carefully examine the practices employed by the Chinese government to provide its paper industry an artificial and unfair advantage in the U.S. market, and determine the extent to which these practices cause or threaten to cause harm to American producers." The letter was spurred by the devastating impact that Chinese unfairly-priced paper exports are having on the industry all across the country. Indeed, the letters signatories come from thirty-one states representing more than half of the country.

The letter points to a study recently released by the Economic Policy Institute (EPI) which highlighted the continuing efforts of the Chinese government to promote the development of its paper producers at almost any expense. The academic study, authored by Dr. Usha Haley, identified roughly \$33 billion in subsidies provided to China's paper producers in a variety of forms that have stimulated enormous capacity increases and jeopardized production and jobs in the U.S.

This study backs up the facts that underlie the trade case that was filed by our companies and the United Steelworkers (USW) union last September. That case alleged that Chinese and Indonesian paper producers benefitted from subsidies and were dumping their products in the U.S. market. At each stage of the government's review of the cases, the concerns were validated and relief has been authorized.

"We deeply appreciate Congress' strong interest in the future of the domestic paper industry. While our trade case involves only a subset of the entire

industry, it has been deeply injured by China's unfair trade practices. The letter to the President shows how important it is for our government to act on our case and provide real, effective relief," stated George Martin, senior vice president, operations of NewPage Corporation.

Mark Gardner, president and chief executive officer of Sappi Fine Paper North America said, "Elected leaders from more than half of the states have shown their concern about Chinese unfair trade practices and their impact on our industry. Our trade case gives the government the chance to act to help restore a competitive market in coated paper."

"This letter shows that Congress recognizes how important our domestic paper sector is to our economy and jobs. It's time for our government to act on the broad range of subsidies that China employs to undermine competitive companies and their workers. Chinese subsidies, starting with currency manipulation, must be addressed. The trade case we've filed gives the Obama Administration the ability to show that they truly are going to enforce our trade laws," said Sandra Van Ert, president and chief executive officer of Appleton Coated LLC.

The companies and the United Steelworkers filed unfair trade cases on September 23, 2009 with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission alleging that certain coated paper from China and Indonesia had been dumped and subsidized resulting in injury to the domestic industry and its employees. The paper products covered by the petitions include coated paper in sheet form used in high-quality writing, printing and other graphic applications, with a GE brightness rating of 80 or higher and weighing up to 340 grams per square meter.

The domestic industry has experienced capacity reductions and under-utilization resulting in the loss of jobs in communities all across the country. The petitions show that unfairly traded imports from China and Indonesia are a significant contributor to that underutilization of capacity, mill closures and resultant job loss.

The three companies employ about 6,000 production workers represented by the USW at 20 paper mills operating in seven states.

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