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July 29

Mainers in Congress target Chinese paper-industry subsidies

Industry, labor join in making plea for probe

BY DOUG HARLOW Staff Writer

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More than 100 members of Congress, including Maine Sens. Olympia Snowe and Susan Collins, and Reps. Michael Michaud and Chellie Pingree on Wednesday called on President Barack Obama to investigate Chinese paper-industry subsidies.

The group is asking the president to examine the "artificial and unfair advantage" they say China currently enjoys in the U.S. paper market and the impact it has on American jobs.

"We write to bring to your attention the damage caused to American manufacturing by the subsidies that China's paper industry receives, which are significant and market-distorting," members wrote in a letter to the president. "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.

"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 is asking the president to investigate the so-called "dumping" of coated paper from China in the United States and to examine its effect on jobs here.

Daniel Lawson, field coordinator with the Alliance for American Manufacturing, told town officials in various Maine communities earlier this year that labor unions and paper mill owners are standing together against paper dumping on U.S. markets at prices that are lower than the costs to produce it.

In a joint statement released Wednesday, Sappi Fine Paper North America, with a mill that makes coated paper in Skowhegan, along with NewPage Corp. of Rumford and Appleton Coated LLC of Wisconsin, applauded the effort by members of Congress from 31 states.

The paper companies joined forces with the United Steelworkers union in September 2009, filing unfair-trade cases with the Department of Commerce and the U.S. International Trade Commission, hoping to level the playing field on paper imports.

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

Sappi is a leading North American producer of coated fine paper used in magazines, catalogs, books and high-end print advertising.

There are an estimated 1,200 jobs at Sappi mills in Skowhegan and Westbrook and about 700 to 800 at the NewPage mill in Rumford, but not all of the mills make coated paper and not all of the jobs are affected by Chinese paper dumping, Sappi spokeswoman Amy Olson said.

The letter to the president cites a study by the Economic Policy Institute that shows government subsidies on papermaking in China stimulate the production and export sales of paper. The subsidies add to an increasing U.S. trade deficit with China in paper. The study also reports that paper production in China has tripled over the past 10 years, despite an already saturated market.

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"It is clear to us that the rise in China's paper industry is less related to market forces than to a decision by China's government to implement an industrial policy that promotes domestic paper production," members of Congress wrote.

From 2002 through the end of 2009, U.S. employment in the paper industry dropped 29 percent, from about 557,000 workers to 398,000, according to the letter.



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lotekguy said...

Let's see..."The letter to the president cites a study by the Economic Policy Institute that shows government subsidies on papermaking in China stimulate the production and export sales of paper"and"paper production in China has tripled over the past 10 years." Well,the solution is obvious. Massive tax increases on all Americans to subsidize our own paper industry,and"level the playing field." And this"dumping"thing? How dare those foreigners provide American consumers with low-priced goods.....the nerve!!!

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