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Congress throws support to U.S. paper industry

Obama asked to examine Chinese subsidies

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— LUKE — It's an international paper trail that leads back to Western Maryland.

The president of the United States may not yet know of NewPage Corp. and its operation in Luke but he is about to.

NewPage is one of three American paper producers mentioned specifically in a congressional letter signed by 100 senators and dated July 28 urging the Obama administration to examine China's subsidization of its domestic paper industry.

A recently released report identifies subsidies given to that nation's paper industry by the Chinese government that could significantly gouge a share of the United States paper trade market.

The specific letter itself was drafted by Sens. Ron Wyden (D-Ore.) and Olympia Snow (R-Maine) and U.S. Reps. Mike Michaud (D-Maine) and Thaddeus McCotter (R-Mich.) but has been signed by 100 members of Congress, including Democratic Sens. Benjamin L. Cardin and Barbara Mikulski of Maryland.

"I will always fight for American and Maryland workers," said Mikulski. "Today we are standing up against unfair and predatory international trade practices that are forcing U.S. companies to compete on an uneven playing field. This is making it harder for NewPage, a major employer, to support good jobs at good wages. No one in America should lose a job because other countries aren't playing by the rules."

"Every day American paper companies like New Page are being hurt by unfair trade practices and that's why I have urged President Obama to move forward with an in depth investigation of China's unfair subsidization of its domestic paper industry," Cardin said.

A response from NewPage in support of the letter came quickly.

"We applaud Congress for their efforts in this matter absolutely," said Patsy Koontz, director of public relations for NewPage Corp. in Luke. "This is a serious matter and we are glad Congress is bringing it to the president's attention."

"We deeply appreciate Congress's strong interest in the future of the domestic paper

industry,” said George Martin, senior vice president, operations for NewPage Corp. “ 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.”

According to a study conducted by the Economic Policy Institute, paper production in China has tripled in the last 10 years, despite a global market that seems saturated. The study indicates subsidies by the Chinese government are negatively impacting the U.S. paper market.

The study, authored by Dr. Usha Haley of the Economic Policy Institute, 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 stateside.

“This study backs up the facts that underlie the trade case that was filed by our companies and the United Steelworkers union last September,” said a press release issued jointly by NewPage and Sappi Fine Paper North America Friday morning in response to the letter from Congress. “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.”

“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,” said Mark Gardner, president and chief executive officer of Sappi Fine Paper North America.

NewPage Corp., based in Miamisburg, Ohio, is a leading producer of coated paper in North America. The company produces coated papers in sheets and rolls with many finishes and weights to offer design flexibility for a wide array of end uses. With 8,000 employees, NewPage operates 10 paper mills with 20 paper machines in the United States and Canada. Annual production consists of 4.5 million short tons of paper and 3.2 million short tons of pulp.

The Luke operation was established as the Luke Pulp Paper Mill in 1888. Later operated by Westvaco, the company was purchased by NewPage. Today, the Luke location has one kraft pulp mill and two paper machines. At this location, the company can produce 550,000 tons per year of paper and approximately 420,000 tons per year of hardwood and softwood pulp. Between 1995 and 1997, approximately \$350 million of capital upgrades were made at the local plant including equipment with state of the art papermaking technology and high end grade lines.

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