

SUPPORT OF THE PAPER TRADE CASE

7/12/2010

RESOLUTION #

Reaffirming the Commitment of the City of Augusta, Maine to the Importance of Manufacturing to the Local Economy and Throughout the United States, Expressing Support for Strong Enforcement of our Trade Laws, and Expressing Support for the Domestic Coated Paper Industry and its Worker who have been Injured by Unfair Trade Practices by Foreign Producers.

WHEREAS, the economic downturn is having a critical impact on everyday Americans who are struggling to maintain or find jobs in an increasingly difficult environment, and

WHEREAS, over two million manufacturing jobs have been lost since the start of the recession in December of 2007, and well over five million jobs and over 50,000 factories have been lost in the last ten years, and

WHEREAS, in a December 2, 2009, USA Today/Gallup poll, Americans were asked what should be done to create more jobs in the U.S. and the most frequent response was to "keep manufacturing jobs in the U.S.," and

WHEREAS, a strong industrial base is important to our nation's economic and national security, demonstrated by the following: American manufacturing directly employs nearly 12 million Americans and directly supports 8 million additional jobs in other sectors; American manufacturing pays better wages (20 percent on average) than other sectors of the economy; American manufacturers are responsible for two-thirds of research and development investment in the United States; nearly 80 percent of all patents filed come from the manufacturing sector, and

WHEREAS, on September 23, 2009, Appleton Coated LLC, NewPage Corporation, Sappi Fine Paper North America and the United Steelworkers Union initiated a trade investigation with respect to unfair trade practices (dumping and subsidization) conducted by Chinese and Indonesian producers of coated paper, and

WHEREAS, dumping occurs when a foreign producer sells into the domestic market for less than the price that producer charges in its home market or when its U.S. prices are below the cost to produce the product and subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods, and

WHEREAS, the United States has in place trade laws that allow domestic industry and its workers to petition for relief from unfair trade practices that create an "unlevel playing field" and lead to plant closures and job loss in communities throughout America, and

WHEREAS, the United States International Trade Commission and the United States Department of Commerce are reviewing the paper case and will make determinations as

to whether dumping and subsidization have occurred and whether domestic producers and its workforce have been materially injured as a result, and

WHEREAS, imports from the subject countries grew by roughly 40 percent in the first six months of 2009, as compared to the same period in 2008, and domestic shipments dropped by roughly 38 percent, and

WHEREAS, Chinese and Indonesian producers have captured almost 30 percent of our market in coated paper products, double the amount from the previous year, and

WHEREAS, since 2002, roughly 60,000 jobs have been lost in the overall paper sector, and

WHEREAS, the paper case affects 6,000 workers whose jobs are at risk from unfair trade competition, and

WHEREAS, both the Chinese and Indonesian governments have longstanding policies to encourage the development of their paper industries and have provided a host of illegal subsidies to paper producers to give them an advantage over domestically produced goods: Now, THEREFORE, be it

RESOLVED BY THE CITY COUNCIL, FOR THE CITY OF AUGUSTA THAT-

- (1) a vibrant manufacturing sector is critical to an immediate economic recovery and to the long-term health of the City of Augusta, and the United States;
- (2) free trade cannot occur unless our trade laws are strictly enforced; and
- (3) our coated paper industry is the most efficient in the world and its workers can compete with any foreign competition that does not enjoy the benefit of illegal government assistance; and
- (4) the United States Department of Commerce and the United States International Trade Commission should hold Chinese and Indonesian producers accountable for unfair trade practices that distort markets, devastate production and employment in the United States, and affect the livelihood of the City of Augusta and communities throughout the United States.

SIGNATURES

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_____	_____
_____	_____
_____	_____

United States Senate

WASHINGTON, DC 20510

November 5, 2009

The Honorable Marilyn R. Abbott, Secretary
United States International Trade Commission
500 E Street, S.W.
Washington, DC 20436

RE: Certain Coated Paper Suitable For High-Quality Print Graphics Using
Sheet-Fed Presses From China and Indonesia, Inv. Nos. 701-TA-471 and 731-
TA-1169-1170 (Preliminary)

Dear Secretary Abbott:

We are writing today in support of the antidumping and countervailing duty petitions filed by two Maine paper producers, NewPage Corporation and Sappi Fine Paper, related to coated printing paper from China and Indonesia.

At one time, NewPage Corporation employed 1,100 people at its mill in Rumford, Maine but today employs only 930. As a result of unfair pricing and large government subsidies to paper producers in China and Indonesia, NewPage Corporation has been forced to lay off workers and idle some of its paper machines at the Rumford mill. A reduction in workers' hours and possible layoffs can only do further damage to Maine's already struggling economy.

In 2006 and 2007, the International Trade Commission (ITC) conducted an investigation on behalf of the NewPage Corporation. This investigation focused on unfair subsidies to the coated free sheet paper industries in China, South Korea, and Indonesia, and well as injurious dumping by producers in those countries. Although the Department of Commerce's investigation showed the unfair dumping and subsidies were occurring, the ITC determined that U.S. manufacturers had not been injured, and therefore provided no remedy. Unfortunately, the Chinese and Indonesians viewed the negative determination as a green light to continue to receive subsidies and dump paper in the U.S. market.

NewPage, Sappi, and other U.S. producers have since filed new petitions focused on coated paper in sheet form - the specific products coming in from China and Indonesia. Our laws authorize the ITC to remedy injurious imports from foreign countries. If the allegations made by the petitioners meet the statutory criteria, it is our hope that the ITC will take all appropriate action to ensure that American businesses and workers are no longer forced to compete against foreign business on an unlevel playing field.

Thank you for your attention to this matter.

Sincerely,



Susan M. Collins
United States Senator



Olympia J. Snowe
United States Senator

Congress of the United States
Washington, DC 20515

October 29, 2009

The Honorable Marilyn R. Abbott, Secretary
United States International Trade Commission
500 E Street, S.W.
Washington, DC 20436

RE: Certain Coated Paper Suitable For High-Quality Print Graphics Using
Sheet-Fed Presses From China and Indonesia, Inv. Nos. 701-TA-471 and
731-TA-1169-1170 (Preliminary)

Dear Secretary Abbott:

We are writing you today on behalf of two Maine producers of coated printing paper, NewPage Corporation and Sappi Fine Paper North America.

NewPage, Sappi, Appleton Coated and the United Steelworkers have joined in filing antidumping and countervailing duty petitions regarding imports of coated printing paper from China and Indonesia. The petitions cover unfair subsidies to the coated printing paper industries in China and Indonesia, as well as injurious dumping by producers in both countries.

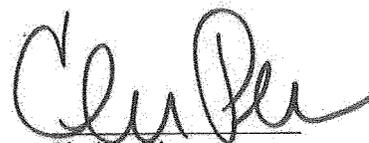
Imports of coated paper from China and Indonesia have increased by 40 percent in the first half of 2009, so that imports from these countries have now captured 30 percent of the domestic market. This has occurred, despite the steep drop in demand for coated papers due to the global economic downturn, because of significant levels of underselling by Chinese and Indonesian producers. As a result, NewPage has been forced to shutter capacity at a plant in Rumford, Maine, as well as in its operations in other states, resulting in thousands of lost jobs. Both NewPage and Sappi have also been forced to take long periods of unscheduled market-related downtime, reducing incomes and adding uncertainty to the future of this industry. The large influx of additional dumped and subsidized imports prompted the filing of these petitions. They focus on coated paper in sheet form, which is the vast bulk of imports from China and Indonesia.

We understand that the International Trade Commission has scheduled a vote in the preliminary phase of these investigations for November 6. We urge the Commission to recognize the significant injury that is being caused by these unfairly traded imports and the vulnerable condition of the domestic industry when it makes that decision.

We also request that you include this letter in the public record in these investigations.


Michael H. Michaud
Member of Congress

Sincerely,


Chellie Pingree
Member of Congress



FACT SHEET

Commerce Initiates Antidumping Duty and Countervailing Duty Investigations of Certain Coated Paper from Indonesia and the People's Republic of China

- On October 14, the Department of Commerce (Commerce) is scheduled to announce its decision to initiate antidumping and countervailing duty investigations on imports of certain coated paper from Indonesia and the People's Republic of China (China).
- Dumping occurs when a foreign company sells a product in the United States at less than normal value. Subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.
- The petitioners for these investigations are: Appleton Coated LLC (WI); NewPage Corporation (OH); S.D. Warren Company d/b/a Sappi Fine Paper North America (MA); and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (PA).
- The products covered by these investigations include certain coated paper and paperboard in sheets suitable for high quality print graphics using sheet-fed presses; coated on one or both sides with kaolin (China or other clay), calcium carbonate, titanium dioxide, and/or other inorganic substances; with or without a binder; having a GE brightness level of 80 or higher; weighing not more than 340 grams per square meter; whether gloss grade, satin grade, matte grade, dull grade, or any other grade of finish; whether or not surface-colored, surface-decorated, printed (except as described below), embossed, or perforated; and irrespective of dimensions ("Certain Coated Paper").

Certain Coated Paper includes (a) coated free sheet paper and paperboard that meets this scope definition; (b) coated groundwood paper and paperboard produced from bleached chemi-thermo-mechanical pulp ("BCTMP") that meets this scope definition; and (c) any other coated paper that meets this scope definition.

Certain Coated Paper is typically (but not exclusively) used for printing multi-colored graphics for catalogues, books, magazines, envelopes, labels and wraps, greeting cards, and other commercial printing applications requiring high quality print graphics.

Specifically excluded from the scope are imports of paper and paperboard printed with final content printed text or graphics.

- The products covered by these investigations are currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under item numbers: 4810.14.11, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.14.70, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.50, 4810.22.6000, 4810.22.70, 4810.29.1000, 4810.29.5000, 4810.29.6000, 4810.29.70. While the HTSUS subheading is provided for convenience and customs purposes, Commerce's written description of the subject merchandise governs the scope of these investigations.

- In 2008, imports of certain coated paper from Indonesia were valued at an estimated \$44.3 million and imports from China were valued at an estimated \$228.7 million.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or about November 2.
- If the ITC determines that there is a reasonable indication that imports are materially injuring, or threatening material injury to, the domestic industry, the investigations will continue, and Commerce will be scheduled to make its preliminary CVD determinations in December 2009 and its preliminary AD determinations in March 2010.

ALLEGED DUMPING MARGIN:

COUNTRY	MARGIN
INDONESIA	33.00%-41.00%
CHINA	25.70%-135.80%

ALLEGED SUBSIDY RATE:

COUNTRY	NET SUBSIDY
INDONESIA	Above <i>de minimis</i>
CHINA	Above <i>de minimis</i>

* *de minimis* = less than 1% for developed countries; less than 2% for developing countries.

CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATION
Petitions Filed	September 23, 2009	September 23, 2009
Commerce Initiation Date	October 13, 2009	October 13, 2009
ITC Preliminary Determination*	November 9, 2009	November 9, 2009
Commerce Preliminary Determinations †**	December 17, 2009	March 2, 2010
Commerce Final Determinations†	March 2, 2010	May 17, 2010
ITC Final Determination***	April 16, 2010	June 30, 2010
Issuance of Orders****	April 23, 2010	July 7, 2010

* Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

† These deadlines may be extended under the governing statute.

** This will take place only in the event of a preliminary affirmative determination from the ITC.

*** This will take place only in the event of a final affirmative determination by Commerce.

**** This will take place only in the event of final affirmative determinations by both Commerce and the ITC.

IMPORT STATISTICS:

INDONESIA	2006	2007	2008
Quantity (Tons)	65,298	57,361	53,329
Value (1,000 USD)	48,158	43,856	44,250
CHINA			
CHINA	2006	2007	2008
Quantity (Tons)	303,405	306,387	275,723
Value (1,000 USD)	234,127	243,002	228,697

Source: U.S. International Trade Commission ("ITC") Dataweb available at <http://dataweb.usitc.gov>.

FACT SHEET AND TALKING POINTS

FILING OF ANTIDUMPING AND COUNTERVAILING DUTY PETITIONS ON CERTAIN COATED PAPER FROM CHINA AND INDONESIA

Fact Sheet

On September 23, 2009, three U.S. paper producers and the United Steelworkers, filed antidumping and countervailing duty petitions covering certain coated paper from China and Indonesia. The three producers are Appleton Coated LLC, NewPage Corporation and Sappi Fine Paper North America. The petitions allege that Chinese and Indonesian exporters of the coated paper covered by the petitions are selling in the United States at prices below normal value and that producers in China and Indonesia receive subsidies from the Chinese and Indonesian governments. The petitions also allege that the U.S. industry producing comparable coated paper is being injured as a result of unfairly traded imports from these countries.

The industry seeks to have the United States Department of Commerce and the U.S. International Trade Commission, the agencies responsible for investigating the alleged unfair trade practices, impose duties to offset Chinese government subsidization and below-cost dumping. According to industry data, total imports of coated paper from China and Indonesia, of which the large majority is classified as covered coated paper, have jumped from 131,687 short tons in the first six months of 2008 to 185,422 short tons in the first six months of 2009 -- an increase of nearly 40 percent. During the same period, covered coated paper shipments by domestic manufacturers are estimated to have declined by approximately 38 percent. China and Indonesia together are believed to account for nearly 30 percent of the U.S. market, for the coated paper covered by the petitions, in the first six months of this year, almost double the share they had at the same time last year. Imports from China and Indonesia are underselling U.S. producers and are also steeply discounted relative to other import sources.

The petitions provide information demonstrating that the imports have adversely affected the domestic industry and its workers. The domestic industry has experienced substantial capacity reduction and under-utilization resulting in the loss of thousands of jobs. The petitions show that unfairly traded imports from China and Indonesia are a significant contributor to that underutilization of capacity and resultant job loss.

The cases are expected to take about a year to complete. The U.S. International Trade Commission will make its preliminary determination regarding whether the U.S. industry is being materially injured by unfairly traded Chinese and Indonesian imports by mid-November. The U.S. Department of Commerce will issue their preliminary determinations regarding government subsidies by December 2009 and regarding dumping by March 2010.

Talking Points

- Today three paper producers and the USW filed antidumping and countervailing duty cases covering certain types of coated paper that are being imported into the United States from China and Indonesia.
- The cases were filed with the two U.S. government agencies responsible for investigating these types of unfair trade practices -- the U.S. Department of Commerce and the U. S. International Trade Commission.
- The cases cover two types of unfair trade: dumping and subsidies.
- Dumping occurs when a foreign producer sells into the U.S. market for less than the price that producer charges in the home market or when it sells below the cost to produce the product. If the Department of Commerce finds that there is dumping, and the International Trade Commission finds that the U.S. industry is injured by the dumped imports, duties will be imposed to offset the amount of the dumping found to exist.
- The Department of Commerce will also determine whether producers in China and Indonesia benefit from government subsidies. If the Department of Commerce finds that countervailable subsidies have been provided, and the International Trade Commission finds that the U.S. industry is injured by the subsidized imports, duties will be imposed to offset the amount of the subsidies found to exist.
- Both the Chinese and Indonesian governments have had longstanding policies to encourage the development of their paper industries and have provided a host of subsidies to paper producers to help them grow their businesses. In fact, China is now one of the world's largest producers of coated papers as a result of government subsidies.
- The petitions allege that Chinese producers get low-cost loans from government banks; cheap electricity, coal, and water from Chinese utilities; and special prices for chemicals used in paper production from government-owned chemical companies. Chinese paper producers also benefit from a variety of tax subsidies and receive grants from the central and provincial governments. The Chinese government also undervalues its currency -- the yuan -- which provides a huge windfall to Chinese exporters.
- In Indonesia, we have alleged that Indonesian coated paper producers get timber from government-owned lands at below-market prices, that they have benefited from government loans and debt forgiveness, and receive tax breaks.
- U.S. producers of coated paper have struggled in the face of low-priced imports of coated paper from China and Indonesia. We have seen the market erode because of unfair trade practices and this has forced the closure of quite a few paper making machines and forced U.S. producers to take market-related downtime. The U.S. trade laws, and the petitions we have filed, do not seek to exclude foreign products from our markets. Rather, their purpose is to assure that foreign products are fairly traded in our markets.
- We are hopeful that these cases will restore a level playing field in the market for coated papers.