

**STATEMENT OF BART STUPAK
MEMBER OF CONGRESS
BEFORE THE
U.S. INTERNATIONAL TRADE COMMISSION
RE: COATED FREE SHEET PAPER FROM CHINA, INDONESIA, AND KOREA
OCTOBER 18, 2007**

I would like to start by thanking the members of the International Trade Commission for allowing me the opportunity to testify today on the case involving coated free sheet paper imported from China, Indonesia, and Korea.

In my home state of Michigan, I have seen first hand the detrimental effects that unfair trade practices can have on the U.S. economy. This uneven playing field has significantly impacted our manufacturing sector, including our paper industry.

Imports of coated free sheet paper from China, Indonesia, and Korea have significantly increased over the past four years, and as a result have driven several American paper companies out of business.

In July 2005, Sappi Fine Paper shut down a production line and a pulp mill in Muskegon, MI which resulted in the loss of 350 jobs.

NewPage Corporation, a paper company which operates a pulp and paper mill in Escanaba, MI, understands the increased burdens these artificially low priced imports place on companies. In early 2007 NewPage permanently shut down an entire paper line at its Luke, Maryland facility, resulting in the loss of 130 jobs.

While NewPage continues to be one of the largest employers in my district, the number of employees that work in Escanaba has decreased over the years.

We must do everything possible to ensure that companies like NewPage and Sappi Fine Paper can continue to employ hard working Americans. This means we have to start enforcing our trade laws.

In this case, it is evident that China, Indonesia, and Korea have used government subsidies to expand their capacity to produce coated free sheet paper. The rate of growth in these countries is exceeding the demand. As a result, surplus paper is being shipped here and is used to undersell U.S. producers. This practice of dumping is not new, and the Department of Commerce has acted to stop dumping in the past.

However, the March 30, 2007 decision is the first time that the Department applied countervailing duties on imports from a non-market economy, like China.

In the mid-1980s, the Commerce Department found that it could not apply countervailing duties to Czechoslovakia and Poland because these countries were non-market economies at the time.

As a result, for 23 years the United States has not applied anti-subsidy laws to China because we consider it a non-market economy. However, the Chinese economy of today is not the Chinese economy of 23 years ago.

China's worldwide trade surplus in 2003 was \$45.8 billion. This year it is expected to be more than \$300 billion. In fact, an estimate due out this week by the International Monetary Fund indicates that this year, for the first time, China will contribute more to global economic growth than any other country.

Considering China's continued economic boom, it is imperative that the International Trade Commission follow the Commerce Department's lead and begin the practice of imposing countervailing duties on non-market economies.

I support the Department of Commerce's preliminary ruling to impose duties on imports of coated free sheet paper from China, Indonesia, and Korea. Such action is necessary in order to establish a level playing field between the United States and its trading partners.

Unfortunately, the need to take action has become even more apparent since the initial preliminary duties were assessed on China, Indonesia, and Korea.

It is my understanding that since the Department implemented these duties, China and Indonesia have worked to circumvent them.

Chinese and Indonesian producers are now mislabeling and mischaracterizing the paper products being imported into the United States. According to NewPage, Chinese and Indonesian producers are importing coated free sheet paper under the term "coated groundwood."

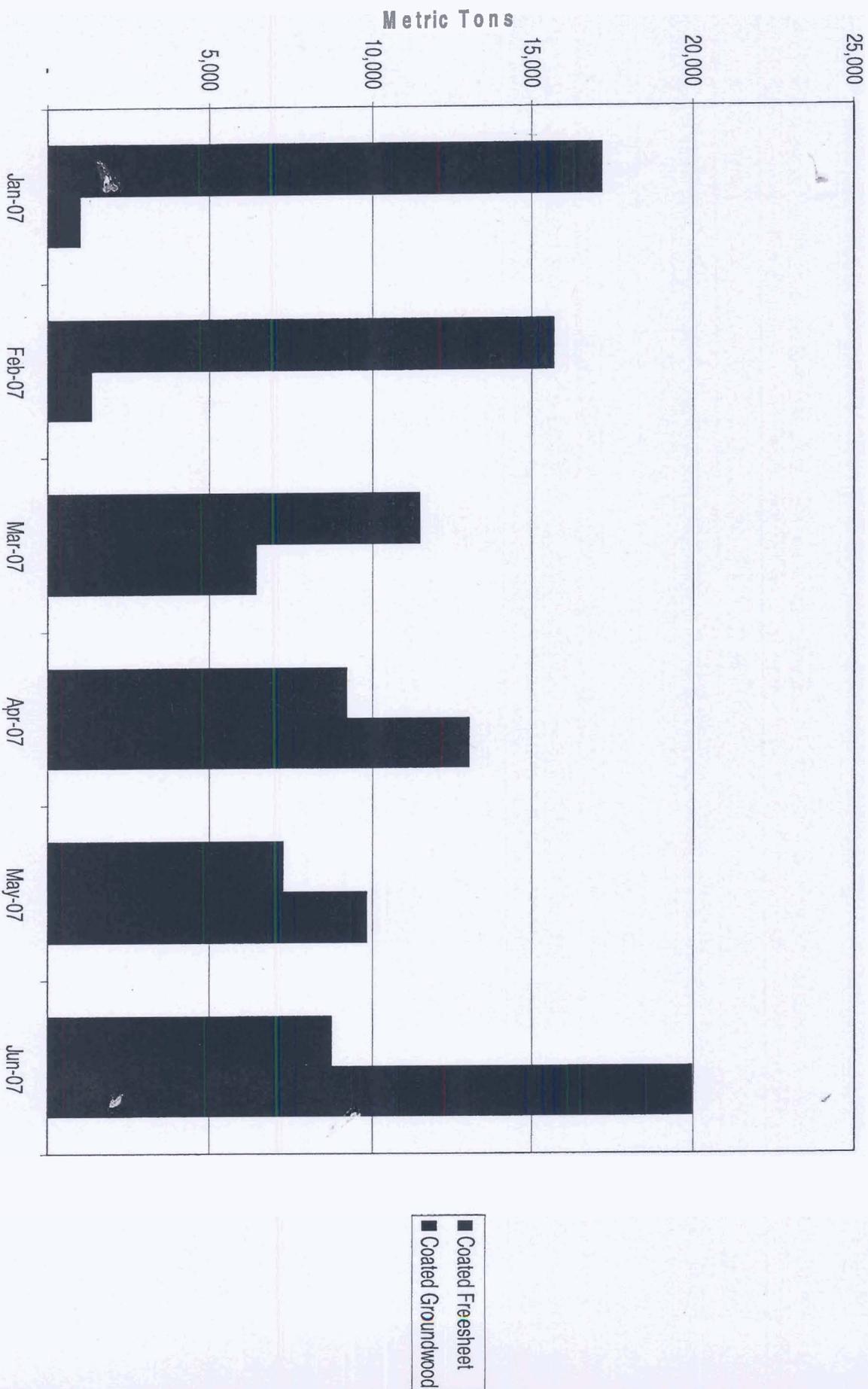
China and Indonesia are still dumping a product identical to coated free sheet paper into the U.S., they're simply calling it a different name.

I urge the Commission to investigate these new claims and ask that you take these newest actions into consideration when issuing a final decision on this case. Furthermore, it is important that your decision clarifies the scope of the case so that Chinese, Indonesian, and Korean producers understand that all coated free sheet paper, regardless of what it is called, is covered under this ruling.

The U.S. should use all the tools at its disposal, including targeted anti-dumping provisions, to guarantee that dumping is adequately addressed in the coated free sheet paper case. Doing so will help ensure that American businesses, American jobs, and the American economy are protected from these unfair trade practices.

Thank you again to the International Trade Commission for holding today's hearing and giving me the opportunity to testify.

Imports of Coated Paper From China



Source: USITC Dataweb