

**Before the
UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.**

IN THE MATTER OF

**CERTAIN UNCOATED GROUNDWOOD
PAPER FROM CANADA**

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) **ITC Inv. Nos. 701-TA-584 and**
) **731-TA-1382 (Final)**
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TESTIMONY OF GREG PALLESEN

July 17, 2018

Thank you. My name is Greg Pallesen. I am the President of the Association of Western Pulp & Paper Workers, the AWPPW, a position I have held since January 2017. Prior to being elected to the President position I was the Vice President and Political Director since 2003. The AWPPW was established in 1964 at which time we had 24,000 members, today we represent 4,000 pulp and paper workers nationwide.

In my time with the union, I have seen hundreds of paper mills downsized or closed. Thousands of workers have lost their jobs. While some of these closures can be attributed to the decline in demand for printing and writing papers, much of the pressure to close has come from unfair competition from major paper producing countries like Canada. With respect to uncoated groundwood paper, there have been significant capacity closures of AWPPW mills in the past 5 years. In 2012, SP Fiber closed a paper machine at its mill in Newberg, Oregon. That machine produced newsprint. In our Trade Adjustment Assistance application filed in December 2012 related to that machine shutdown, we noted that the closure would result in the layoff of 275 employees and was the result of SP Fiber moving production from Oregon to a mill it owned in Canada. In January 2014, SP Fiber converted its Paper Machine #5 in Newberg to the

production of lightweight packaging but continued to produce newsprint on its paper machine #6. Then in 2015, SP Fiber idled its remaining paper machines and sold the mill to WestRock Co. While we were given reasons to expect that WestRock would restart the mill, the company announced in January 2016, that it was permanently closing the mill, throwing 220 workers out of work. In our application for TAA worker assistance filed in October 2015, we stated that the U.S. paper industry faced significant global competition from Canada and China, and that the U.S. is the top importer of Canadian converted paper products, such as those produced in Newberg. The AWPPW is working hard to get the Newberg facility reopened, including working with a potential buyer that wants to restart the mill, but so far there has been little progress.

Another AWPPW mill producing uncoated groundwood paper closed in 2017. This was a mill owned by Nippon Paper in Port Angeles, Washington. You will hear more about that closure from Andy Grossell in a minute.

I think it is important to point out that your Staff Report is missing the complete story about what has happened to the uncoated groundwood industry in America. The data in the staff report does not capture the impact of the many closures that have occurred since 2013. In addition to the two AWPPW mills I already mentioned, the following mills also closed:

- The Catalyst newsprint mill in Snowflake, Arizona in 2013, which cost 313 workers their jobs;
- The Great Northern Mill in Millinocket, Maine in 2014, resulting in the layoff of 225 workers;
- The FutureMark mill in Manistique, Michigan in 2015, which put 150 workers out of a job;
- White Birch's Bear Island Paper mill in Ashland, Virginia in 2017, resulting in the layoff of 165 workers; and
- The Resolute mill in Calhoun, Tennessee in 2017, which led to the layoff of 222 workers.

Most of these mills were USW mills, and all but one was certified for TAA assistance, due to the impact of Canadian imports and because Canadian producers moved production from the U.S. to Canada. In all, nearly 1600 workers have lost their jobs because of unfairly traded imports from Canada. You're not going to read that in your Staff Report, but the job costs are documented in the Labor Department applications filed by separated workers. And for every one of our jobs the ripple effect causes another 5 jobs lost in the communities where these mills have closed.

I would point out that these are good jobs, that pay on average \$26.00 per hour plus benefits. Those wages and benefits have stagnated, however, due to the impact of dumped and subsidized product from Canada. More mills have shut in the U.S. than in Canada, and many more jobs have been lost by American workers. Why? Canadian mills, particularly the least efficient of those mills, have long been protected by their provincial governments, which provide a safety net in the form of big subsidies. Kruger, for example, was found by the Commerce Department to benefit from 21 subsidy programs, Resolute benefits from 19 subsidy programs, and Catalyst benefits from 11 subsidy programs. The provincial governments are breaking WTO rules when they do this, but they don't care, they only care about preserving jobs in the forest products sector. This comes at the expense of mill jobs in the United States.

Our members support international trade that has fair standards. Canadian subsidies are not fair. Speaking on behalf of U.S. paper workers, I ask that you make final affirmative determinations in this case.

Thank you very much.