

Testimony of Senator Al Franken

before the U.S. International Trade Commission, September 16, 2010

*Hearing concerning antidumping and countervailing duty investigations on
Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed
Presses from China and Germany. Inv. Nos. 701-TA-470-471 and 731-TA-1169-
1170 (Final).*

Thank you very much for the opportunity to testify. As you know, I represent the state of Minnesota. And my concern in this case is that Minnesotans have been affected by imports of paper products. The outcome of this case will have a significant impact on Minnesota businesses, workers, and their families.

Both NewPage and Sappi have significant operations in Minnesota. NewPage's pulp and paper mill is located in Duluth. It's very efficient, and includes a recycled pulp mill that recycles almost one million pounds of recovered paper every day. Sappi's mill is in Cloquet,

and has been in operation since 1898. It's an outstanding integrated mill that supports the livelihood of hundreds of workers and their families.

I'm here to support the antidumping and countervailing duty petitions with respect to coated paper from China and Indonesia. I've heard concerns about unfair imports from my constituents, and the Commission has made a preliminary determination that the domestic industry is in fact materially injured by reason of these imports from China and Indonesia.

At the time the petitions were filed, the Minnesota mills and those in other states were negatively affected by imports from China and Indonesia, and my understanding is that they continue to be negatively affected. That is no surprise. Available information on sales volume and depressed prices shows clearly that it hasn't been a good period for our paper producers and their workers, and the record suggests why.

Your own preliminary report found that U.S. imports from China increased by over 40 percent from the first half of 2008 to the first half of 2009. Those are stunning numbers. Indonesian imports had increased in an earlier phase before decreasing during that 2008 to 2009 period.

Meanwhile, as your preliminary report notes as well, there was downward pressure on prices in the domestic industry. Such pressure has very real effects in Minnesota and elsewhere. NewPage and Sappi have already shut down mills in other states, which did not stop prices from dropping. Lower prices have also affected capital investment, which in turn harms businesses over the longer term. Sappi, for instance, has had to forgo its planned addition of a new paper machine at the Cloquet mill. That machine would have been run on clean natural gas, and scrapping it means the loss of jobs that could have been there for the operators in these tough economic times.

No doubt there may be other factors at work aside from dumping and subsidized imports in the decline in demand for coated paper,

including the economic recession and the ongoing development of the Internet. But those do not change the fundamental question of whether there is injury by reason of the imports. As your preliminary determination found, even as U.S. consumption declined, it appears the volume of subject imports increased significantly into 2009, as did the imports' market share here in the U.S. Similarly, downward pressure on prices may come from several sources, but that is not to deny that such effects have clearly resulted from the dumped and subsidized imports from China and Indonesia.

Economic opportunity for American workers and a fair competitive environment for our businesses depend on the proper enforcement of our laws. Antidumping and countervailing duty laws exist for good reason. I understand that some people may fear a trade war with China in particular, if China retaliates against possible action by the U.S. China is also a significant market for our paper producers. But fair is fair, and it ultimately serves no one's interest to shy away from ensuring fair trading practices. I strongly believe that our

businesses can compete with those in any other country if there's a level playing field—so let's make sure that we're on a level playing field.

I appreciate your determination to follow the facts, and thank you again for the opportunity to testify.