Testimony of Congressman Roscoe G. Bartlett
Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses from China and Indonesia
(Inv. No. 701-470-471 and 731-1169-1170)
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Madam Chairman, Members of the Commission, thank you for your invitation to testify at today's very important hearing regarding China and Indonesia's price dumping into the coated paper market.

I represent the Sixth District of Maryland, which has been the home of NewPage Corporation's Luke Mill since 1888. The Luke Mill is located in Allegany and Garrett counties and is the heart of the local economy dominated by the small towns of Luke and Westernport in Maryland and Piedmont in West Virginia as well as the small Maryland cities of Frostburg, Cumberland and Oakland. Most of these jobs are represented by United Steelworkers Local Chapter 676 and the International Brotherhood of Electrical Workers Local Chapter 1653. They have maintained a tradition of cooperation and collaboration with management.

I am here not only to represent Luke Mill but also the communities that are dependent upon it. Luke Mill provides good jobs, which support a great number of families in my district. In fact the average income for workers at Luke Mill is about $61,000, which is 62% higher than the average income elsewhere in the area. These jobs help fund schools, public safety and other social services. The direct economic impact from the Luke Mill is $200 million a year. Further, Luke Mill represents a renewable and sustainable use of America's natural resources and committed stewardship of our beautiful mountainous environment. These values and contributions should be protected.]

Right now, Luke Mill employs approximately 970 people but it is currently bracing for another round of layoffs to take place by the end of this year which will account for a nearly 10% reduction in jobs. Luke Mill has already lost over 450 jobs in the last few years. It is our responsibility to fight to make certain that these jobs do not continue to be lost due to unfair imports from China and Indonesia.

Coated paper imports from China and Indonesia have recently skyrocketed. According to the Wall Street Journal, from the beginning of 2008 to the beginning of 2009 the market share of US paper consumption produced by China and Indonesia has doubled while US produced products have lost at least 15% of the market share. The Commission should take note of these dramatic shifts and the causes for them. It is because Chinese and Indonesian imports are coming into the US market at prices below the cost of production. That is because they are benefitting heavily from Chinese and Indonesian government subsidies. Due to these internationally condemned practices, US coated paper producers

have lost significant business, resulting in lost income. The domestic industry went from an operating income of $107 million in 2007 to an operating loss of $68 million in 2009, at a time when Chinese and Indonesian imports were surging into the US. In 2009, NewPage's Luke Mill had to take production downtime, temporarily shut down a paper machine and closed the entire mill during various parts of the year.

During these scattered shut down times, Luke Mill's employees were required to either use vacation time or take unpaid leave. This lost income in a small rural community has had adverse effects throughout the region; city and county governments rely on local tax revenue from small businesses and small businesses rely on a strong local economy. These most recent announcements of upcoming layoffs put Western Maryland's precarious situation at even greater risk.

I believe in fair trade. I do not support trade barriers because they damage the relationship between countries and reduce economic well-being compared to an open trade relationship. What China and Indonesia are doing is wrong. Robust trade brings benefits to this country and our citizens that are not just economic but can also serve to build strong partnerships with our trading partners. In 2001, China agreed to a rules-based international trading regime when it joined the World Trade Organization. It is in the United States' best interest to keep global trade flowing. In turn, that trade will provide opportunities for our country. But we should always expect our trading partners to play by the rules. That is clearly not happening in this situation, and that is why I am here today.

When another country fails to comply with the rules, the US must enforce the rules on behalf of American companies and American workers through the global trading system. The system must remain honest. I am very concerned that the Chinese and Indonesian governments are heavily subsidizing their producers of coated paper and then exporting these products into the US. Without applying the remedies available under US law and the WTO, the US coated paper industry and communities like those around the Luke Mill, face substantial and lasting harm.

Unfair trade practices should not be tolerated by the US government. I am confident this Commission will take the appropriate time to consider carefully the facts from this investigation. Thank you for the opportunity to testify today on behalf of NewPage Corporation and the Marylanders who work at the Luke Mill whom I am entrusted to represent in the Congress.