

September 16, 2010

Testimony of Congressman Ed Whitfield

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)

Chairwoman Okun and fellow Commissioners, I appreciate the opportunity to appear today on behalf of NewPage Corporation and the loyal employees at NewPage's Wickliffe, Kentucky coated paper mill. I understand that Dale Lovett is here today from the Wickliffe mill, where he is a maintenance mechanic. He is also a USW member from USW local #680.

The Wickliffe mill is located in western Kentucky, in Ballard County. Employees that work at the mill also live in the surrounding counties of McCracken, Graves, and Carlisle Counties. The Wickliffe mill is the at the heart of the communities I represent in that part of Western Kentucky, and is critical to our local economy. The mill has 480 employees, and has a total payroll of over \$38 million. But the effects go well beyond that. NewPage sources more than \$83 million of its critical resources in the region, including purchases of pulpwood and other raw materials. These are good paying jobs that support the whole community. Average wages at the mills are almost \$80,000 per year, which is 91 percent higher than average wages for the state of Kentucky. This translates into an hourly wage of about \$30 per hour.

I believe that we have a real responsibility as a government to ensure that our American companies do not have to compete against unfairly traded imports from China and Indonesia. I believe in free and open markets, but predatory pricing and government subsidies tilt the playing field in favor of companies and governments that engage in those practices. It is really about the rule of law. China and Indonesia are both members of the WTO and have agreed to abide by the

rules governing global trade. In the case of Indonesia, the government provides below-market timber inputs to its paper producers, and a ban on log exports creates even cheaper inputs for coated paper producers. In the case of China, the Chinese government has provided subsidized loans to build up huge capacity. I am told by NewPage that there are four huge new coated paper mills coming on line within the next year, with a total capacity of between 2 and 3 million tons per year. Chinese producers also get huge income tax breaks and they don't have to pay import duties or VAT taxes when they import their capital equipment. These subsidies give them a huge unfair advantage, that is not permissible under WTO rules.

I hope that you will consider closely all the data you have collected over the course of your investigation, which should readily show that our U.S. coated paper producers have been hurt by unfairly traded imports from China and Indonesia.

Thank you.