

**Senator Amy Klobuchar**  
**USITC Hearing: Supercalendered Paper from Canada**  
**Investigation No. 701-TA-530 (Final)**  
**October 22, 2015**

Chairman Broadbent, Vice Chairman Pinkert, and distinguished Commissioners, I am grateful for the opportunity to appear before you today to speak about the economic impact that subsidized imports of supercalendered paper from Canada are having on my state and the importance of supporting the Commerce Department's affirmative final determination in the countervailing duty investigation.

Minnesota has a proud history of leadership in the American paper industry. The abundant wood and water supplies in my state have fed the paper industry for more than 100 years. Minneapolis made its name as a mill town in the late 1800s, when it became a thriving hub for paper mills and sawmills. We even had baseball teams called the Minneapolis Millers as far back as 1884.

My own family is part of this tradition. My grandfather worked as a logger in northern Minnesota. To this day, loggers in my state helped supply the necessary timber and fiber for building homes and manufacturing many of the products that we use on a daily basis.

## Minnesota Impact

Minnesota's paper industry and related sectors have grown to support more than 40,000 jobs in my state and directly contribute \$9.7 billion in economic output. The Verso Corporation's pulp and paper mill in Duluth, Minnesota has been a significant presence in the region since 1987. The mill is based right on the banks of the St. Louis River and employs 285 workers who produce 270,000 tons of supercalendered paper each year that is used for advertising inserts, magazines and catalogs. Their facility also includes a recycled pulp mill that recycles nearly 1 million pounds of recovered paper every day.

Unfortunately, Minnesota's paper industry is being harmed by the unfair trade practices of paper producers across the border in Canada. Operations at the mill are suffering as a result of the unfair subsidization of imports from Canada. In 2012 I raised concern about the Port Hawkesbury mill in Nova Scotia receiving a \$124 million financial assistance package from the provincial government. I wrote to the U.S. Trade Representative to support their review to determine whether that financial support was consistent with Canada's World Trade Organization (W-T-O) or North American Free Trade Agreement (N-A-F-T-A) commitments.

The Department of Commerce's investigation has now confirmed that Port Hawkesbury Paper did receive unfair subsidies at a rate of 20.33 percent. This unfair subsidization of an otherwise bankrupt paper mill resulted in a glut of supercalendered paper in an already saturated U.S. market. From 2012 through 2014, the Census Bureau's Global Trade Atlas estimated that over 4 million metric tons of supercalendered paper were imported from Canada. These imports are causing our domestic paper industry to lose sales and market share.

Through the generations, our loggers in northern Minnesota and workers across the paper industry have earned a reputation for possessing a strong work ethic. They have proven that they can compete with anybody in the world on a level playing field. Unfortunately, that fairness is being compromised by subsidized imports that are putting these jobs in jeopardy.

### **Time for ITC to Act**

I know how important the paper industry is to Minnesota workers and families. Local communities in Minnesota and across this country are dependent on the future success of paper mills and continued livelihood of their workers.

Now that the Commerce Department's investigation is complete, it is time to impose duties to offset the

significant amount of subsidies that have unfairly benefited Port Hawkesbury. It is critical that our trade laws are adequately enforced on behalf of American companies and workers.

For that reason, I strongly urge you to make an affirmative determination in this case and support the Commerce Department's final determination.

### Conclusion

Thank you for the opportunity to testify today. I look forward to continuing to work with you to ensure that U.S. businesses and workers are competing on a level playing field, no matter the industry.