

Madam Chair Rotundo, and distinguished members of the Citizen's Trade Policy Commission, I thank you for allow me to speak to you today on the Paper Trade Case.

My name is Daniel Lawson, I reside in Monroe, Maine and for the past twenty two years I have been employed at Verso paper in Bucksport. At the present time I am working for an organization called Alliance for American Manufacturing, I am the Field Coordinator here in Maine.

The Alliance for American Manufacturing (AAM) is a unique non-partisan, non-profit partnership forged to strengthen manufacturing in the U.S. AAM brings together a select group of America's leading manufacturers and the United Steelworkers. Our mission is to promote creative policy solutions on priorities such as international trade, energy security, health care, retirement security, currency manipulation, and other issues of mutual concern.

We believe that an innovative and growing manufacturing base is vital to America's economic and national security, as well as to providing good jobs for future generations.

AAM achieves its mission through research, public education, advocacy, strategic communications, and coalition building around the issues that matter most to America's manufacturing sector.

Right now in the State of Maine we are fighting a battle to save not only an industry, but a way of life. The United Steelworkers, NewPage Paper Company, Sappi Fine Papers, and Appleton Paper have jointly filed an International Trade case against the dumping of paper by China and Indonesia.

Dumping occurs when a foreign company sells a product in the United States at less than normal value. Subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.

On September 23, 2009, three U.S. paper producers and the United Steelworkers, filed antidumping and countervailing duty petitions covering certain coated paper from China and Indonesia. The three producers are Appleton Coated LLC, NewPage Corporation and Sappi Fine Paper North America. The petitions allege that Chinese and Indonesian exporters of the coated paper covered by the petitions are selling in the United States at prices below normal value and that producers in China and Indonesia receive subsidies from the Chinese and Indonesian governments. The petitions also allege that the U.S. industry producing comparable coated paper is being injured as a result of unfairly traded imports from these countries.

The industry seeks to have the United States Department of Commerce and the U.S. International Trade Commission, the agencies responsible for investigating the alleged unfair trade practices, impose duties to offset Chinese government subsidization and below-cost dumping. According to industry data, total imports of coated paper from

China and Indonesia, of which the large majority is classified as covered coated paper, have jumped from 131,687 short tons in the first six months of 2008 to 185,422 short tons in the first six months of 2009 -- an increase of nearly 40 percent. During the same period, covered coated paper shipments by domestic manufacturers are estimated to have declined by approximately 38 percent. China and Indonesia together are believed to account for nearly 30 percent of the U.S. market, for the coated paper covered by the petitions, in the first six months of this year, almost double the share they had at the same time last year. Imports from China and Indonesia are underselling U.S. producers and are also steeply discounted relative to other import sources.

The petitions provide information demonstrating that the imports have adversely affected the domestic industry and its workers. The domestic industry has experienced substantial capacity reduction and under-utilization resulting in the loss of thousands of jobs. The petitions show that unfairly traded imports from China and Indonesia are a significant contributor to that underutilization of capacity and resultant job loss.

The cases are expected to take about a year to complete. The U.S. International Trade Commission will make its preliminary determination regarding whether the U.S. industry is being materially injured by unfairly traded Chinese and Indonesian imports by mid-November. The U.S. Department of Commerce will issue their preliminary determinations regarding government subsidies by December 2009 and regarding dumping by March 2010.

The entire Maine Congressional Delegation has written letters of support to the United States Trade Commission, Secretary Marilyn Abbott, asking for a tariff to be levied on these imports to level the playing field. (Letters included)

On the ground here in Maine we have been working jointly with the companies to educate our member and the general public on the issue of paper dumping. We are going to Towns and asking them to pass a resolution in support of the trade case. Resolutions have been passed in Mexico, Rumford, Canton, Skowhegan, Livermore, Turner and Dixfield. At this present time we are on the agenda in seven more towns in the upcoming weeks and have identified nineteen other towns to meet with. (List Included) We have close to five hundred letters addressed to our Senators, Congressmen, our Governor, International Trade Commission, and the Department of Commerce.

We have video interviewed thirty-six people on this case, Management, Union Workers, Politicians, Small Business Owners, Volunteers at food pantries, and other civic minded people. They all say the same thing, if anything would happen to these mills, it would be devastating to the areas. I think Matthew Kaubris, the CEO of the Oxford Credit Union brought it into perspective what the impact will be when he said, If something was to happen to the mill, I would have to walk out on the floor and lay off twenty employees. These videos are being used to educate our members and the general public and may be used as testimony in the future.

On March 2nd, 2010

The Department of Commerce found that Chinese and Indonesian coated paper producers had received improper subsidies and issued countervailing duty determinations ranging from 3.92 to 17.48 percent. As a result of these determinations, the Department of Commerce will impose tariffs on imports of coated paper to offset the unfair advantage provided by subsidization. This triggers the immediate requirement that importers of the paper from the two countries will have to post bond or cash deposits in an amount equal to the announced margins.

Senators, Representatives and other public officials from all across the country have contacted the International Trade Commission and the Department of Commerce in strong support of the case. These officials have seen firsthand the devastating impact of the Chinese and Indonesian dumping and subsidy practices, on production and employment in their communities and states. They are regularly hearing from people in their communities about the need to respond to foreign unfair trade practices.

On February 25, fifteen Senators – Democrats and Republicans -- joined together in a letter to Commerce Secretary Locke asking that his Department act to counter China's currency manipulation which operates as a subsidy to its exporters.

Specific Decision by the Department of Commerce:

The Department of Commerce's decision supports the allegations in the petitions that imports from these two countries are being subsidized. Specifically, in the China investigation the Department of Commerce found that Chinese producers benefitted from preferential lending, preferential income tax programs, tax credits for purchasing domestically-produced equipment, import duty and VAT exemptions for imported capital equipment, research and development tax credits, and preferential provision of electricity. In the Indonesia investigation, the Department of Commerce found that the provision of timber for less than adequate remuneration, government debt forgiveness, and the government of Indonesia's ban on the export of logs, provided counter available subsidies to coated paper producers in Indonesia.

In addition, with respect to the China investigation, the Department of Commerce noted that it is reviewing the Petitioners' allegation that undervaluation of China's currency provides a subsidy, as well as other new subsidy allegations, which could make a difference in the rates assessed in the final determination.

The Asian Paper Association filed an appeal on the decision on March 3rd, 2010

Next Steps:

A number of steps will occur as the case proceeds. Each of these steps is vital to ensuring that the unfair trade practices are addressed.

On April 28th, the Department of Commerce will issue its preliminary determinations in the antidumping duty investigations.

On an ongoing basis, the government will conduct a further examination, including site visits, to obtain additional facts to guide them in making their final antidumping and countervailing duty determinations.

In the fall, the International Trade Commission will conduct a public hearing to hear the arguments of each side as it prepares its final decision as to whether the domestic industry is injured or threatened with injury by reason of imports of Chinese and Indonesian coated paper.

I would like to leave you with these two final points:

Since 2002, about 60,000 jobs have been lost in the overall paper sector. We have seen this type of job loss in Maine. The case that has been filed affects the jobs of 6,000 workers who still produce these products and whose jobs are at risk from these unfairly traded products.

Enforcing our trade laws isn't protectionist, it will ensure that confidence in the rule of law and our nation's trade policies can be maintained. Our trading partners who use this language are simply seeking to protect their own mercantilist practices and continue to engage in unfair trade. The public is sick and tired of how the deck is stacked against us and they want our laws enforced. All they want to know is that when they work hard and play by the rules that their government will fight for their interests.

Today I have with me three individuals that would like to relate to you personally how the dumping of this paper will affect them, their families, and communities.

We would like the Citizen's Trade Policy Commission to write letters to the Department of Commerce, and to the International Trade Commission in support of the Paper Trade Case, and if possible to recommend the same to our Governor.

Are there any questions?

Thank you for your time and the opportunity to speak on this issue to the Citizen's Trade Policy Commission.

Dan Lawson
Alliance for American Manufacturing
309 West Main St.
Monroe, Maine
207-322-7469

United States Senate
WASHINGTON, DC 20510

November 5, 2009

The Honorable Marilyn R. Abbott, Secretary
United States International Trade Commission
500 E Street, S.W.
Washington, DC 20436

RE: Certain Coated Paper Suitable For High-Quality Print Graphics Using
Sheet-Fed Presses From China and Indonesia, Inv. Nos. 701-TA-471 and 731-
TA-1169-1170 (Preliminary)

Dear Secretary Abbott:

We are writing today in support of the antidumping and countervailing duty petitions filed by two Maine paper producers, NewPage Corporation and Sappi Fine Paper, related to coated printing paper from China and Indonesia.

At one time, NewPage Corporation employed 1,100 people at its mill in Rumford, Maine but today employs only 930. As a result of unfair pricing and large government subsidies to paper producers in China and Indonesia, NewPage Corporation has been forced to lay off workers and idle some of its paper machines at the Rumford mill. A reduction in workers' hours and possible layoffs can only do further damage to Maine's already struggling economy.

In 2006 and 2007, the International Trade Commission (ITC) conducted an investigation on behalf of the NewPage Corporation. This investigation focused on unfair subsidies to the coated free sheet paper industries in China, South Korea, and Indonesia, and well as injurious dumping by producers in those countries. Although the Department of Commerce's investigation showed the unfair dumping and subsidies were occurring, the ITC determined that U.S. manufacturers had not been injured, and therefore provided no remedy. Unfortunately, the Chinese and Indonesians viewed the negative determination as a green light to continue to receive subsidies and dump paper in the U.S. market.

NewPage, Sappi, and other U.S. producers have since filed new petitions focused on coated paper in sheet form - the specific products coming in from China and Indonesia. Our laws authorize the ITC to remedy injurious imports from foreign countries. If the allegations made by the petitioners meet the statutory criteria, it is our hope that the ITC will take all appropriate action to ensure that American businesses and workers are no longer forced to compete against foreign business on an unlevel playing field.

Thank you for your attention to this matter.

Sincerely,



Susan M. Collins
United States Senator



Olympia J. Snowe
United States Senator

Congress of the United States
Washington, DC 20515

October 29, 2009

The Honorable Marilyn R. Abbott, Secretary
United States International Trade Commission
500 E Street, S.W.
Washington, DC 20436

RE: Certain Coated Paper Suitable For High-Quality Print Graphics Using
Sheet-Fed Presses From China and Indonesia, Inv. Nos. 701-TA-471 and
731-TA-1169-1170 (Preliminary)

Dear Secretary Abbott:

We are writing you today on behalf of two Maine producers of coated printing paper, NewPage Corporation and Sappi Fine Paper North America.

NewPage, Sappi, Appleton Coated and the United Steelworkers have joined in filing antidumping and countervailing duty petitions regarding imports of coated printing paper from China and Indonesia. The petitions cover unfair subsidies to the coated printing paper industries in China and Indonesia, as well as injurious dumping by producers in both countries.

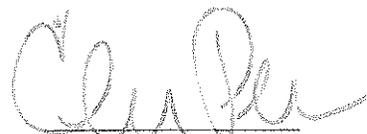
Imports of coated paper from China and Indonesia have increased by 40 percent in the first half of 2009, so that imports from these countries have now captured 30 percent of the domestic market. This has occurred, despite the steep drop in demand for coated papers due to the global economic downturn, because of significant levels of underselling by Chinese and Indonesian producers. As a result, NewPage has been forced to shutter capacity at a plant in Rumford, Maine, as well as in its operations in other states, resulting in thousands of lost jobs. Both NewPage and Sappi have also been forced to take long periods of unscheduled market-related downtime, reducing incomes and adding uncertainty to the future of this industry. The large influx of additional dumped and subsidized imports prompted the filing of these petitions. They focus on coated paper in sheet form, which is the vast bulk of imports from China and Indonesia.

We understand that the International Trade Commission has scheduled a vote in the preliminary phase of these investigations for November 6. We urge the Commission to recognize the significant injury that is being caused by these unfairly traded imports and the vulnerable condition of the domestic industry when it makes that decision.

We also request that you include this letter in the public record in these investigations.

Sincerely,


Michael H. Michaud
Member of Congress


Chellie Pingree
Member of Congress

Trade Case Update ~ October 23, 2009

Appleton Coated LLC, NewPage Corporation, Sappi Fine Paper North America and the United Steelworkers Union filed trade cases on September 23, 2009 seeking to end dumping and subsidy practices, involving certain coated paper produced in China and Indonesia, which have devastated production and employment in the United States.

Background

- The cases deal with dumping and subsidy practices of these countries.
- Dumping occurs when a foreign producer sells into the U.S. market for less than the price that producer charges in its home market or when its U.S. prices are below the cost to produce the product. The dumping margins identified in the case run as high as 135.8 percent.
- The case also identifies broad subsidy benefits that producers in each country enjoy and which should also be addressed by the U.S. government.

U.S. Department of Commerce Initiation of Investigation, October 13, 2009

- The Department of Commerce found that sufficient facts had been presented to initiate an investigation of alleged Chinese and Indonesian unfair trade practices. The successful initiation of these trade cases, by the Department of Commerce, is an important step forward in restoring fair trade in coated paper products.

Testimony Before the U.S. International Trade Commission, October 14, 2009

- Parties on both sides of the case appeared at a staff briefing at the International Trade Commission to support their positions.

Parties testifying in support of the trade cases included:

- Barry R. Nelson, SVP, Sales, NewPage Corporation
- Jennifer Miller, EVP, Strategic Marketing and Communications, Sappi Fine Paper NA
- Anne Ayer, VP, Corporate Development and CIO, Sappi Fine Paper NA
- Greg Savage, VP, Commercial Sales, Appleton Coated LLC
- Jon Geenen, International VP, United Steelworkers (USW)
- Jeff Hederick, VP, Strategic Development and Sourcing, Unisource Worldwide, Inc.
- Don Crew, President, Clampitt Paper
- Mike Graff, President, Sandy Alexander
- Jim Sandstrom, President, HM Graphics
- Law firms: Stewart and Stewart, King & Spalding

Parties testifying in opposition of the trade cases included:

- Terry Hunley, President, Asia Pulp & Paper/Americas
 - Law firm: Winston & Strawn LLP
- During its argument at the ITC staff conference, Asia Pulp and Paper contended that U.S. producers were similarly subsidized by virtue of renewable energy tax incentives. Its claims are misplaced as the incentives are not designed to promote production by the U.S. paper sector, but rather are intended to promote alternative fuel use, primarily from biomass.

Government Support of the Trade Cases:

- Senators, Representatives and other public officials from all across the country have contacted both government agencies in strong support of the case. These officials have seen firsthand the devastating impact of the Chinese and Indonesian dumping and subsidy practices, on production and employment in their communities and states.

Product Change since the Case was Filed on September 23, 2009:

- The product category covered by these cases now includes only coated paper and paperboard in sheets suitable for high quality print graphics using sheet-fed presses, coated on one or both sides and having a GE brightness level of 80 or higher. The government also defined the products covered by the case as those not weighing more than 340 grams per square meter.
- Initially the cases included sheeter rolls; however, product in roll form have now been dropped from the case.

Next Steps:

- A number of steps will occur as the case proceeds. Each of these steps is vital to ensuring that the unfair trade practices are addressed.
- On **November 6, 2009**, there will be a preliminary vote by the International Trade Commission (ITC) on whether there is a reasonable indication that the imports, that are being dumped and subsidized, are causing, or are threatening to cause, material injury to the domestic industry.
- On **November 9, 2009**, the ITC will transmit its preliminary determination to the Department of Commerce.
- On **December 17, 2009**, assuming that the ITC makes an affirmative preliminary injury decision, the Department of Commerce will make its preliminary determination on the countervailing duty levels. However, this deadline could be extended by up to 60 days.

FACT SHEET

Commerce Initiates Antidumping Duty and Countervailing Duty Investigations of Certain Coated Paper from Indonesia and the People's Republic of China

- On October 14, the Department of Commerce (Commerce) is scheduled to announce its decision to initiate antidumping and countervailing duty investigations on imports of certain coated paper from Indonesia and the People's Republic of China (China).
- Dumping occurs when a foreign company sells a product in the United States at less than normal value. Subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods.
- The petitioners for these investigations are: Appleton Coated LLC (WI); NewPage Corporation (OH); S.D. Warren Company d/b/a Sappi Fine Paper North America (MA); and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (PA).
- The products covered by these investigations include certain coated paper and paperboard in sheets suitable for high quality print graphics using sheet-fed presses; coated on one or both sides with kaolin (China or other clay), calcium carbonate, titanium dioxide, and/or other inorganic substances; with or without a binder; having a GE brightness level of 80 or higher ; weighing not more than 340 grams per square meter; whether gloss grade, satin grade, matte grade, dull grade, or any other grade of finish; whether or not surface-colored, surface-decorated, printed (except as described below), embossed, or perforated; and irrespective of dimensions ("Certain Coated Paper").

Certain Coated Paper includes (a) coated free sheet paper and paperboard that meets this scope definition; (b) coated groundwood paper and paperboard produced from bleached chemi-thermo-mechanical pulp ("BCTMP") that meets this scope definition; and (c) any other coated paper that meets this scope definition.

Certain Coated Paper is typically (but not exclusively) used for printing multi-colored graphics for catalogues, books, magazines, envelopes, labels and wraps, greeting cards, and other commercial printing applications requiring high quality print graphics.

Specifically excluded from the scope are imports of paper and paperboard printed with final content printed text or graphics.

- The products covered by these investigations are currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under item numbers: 4810.14.11, 4810.14.1900, 4810.14.2010, 4810.14.2090, 4810.14.5000, 4810.14.6000, 4810.14.70, 4810.19.1100, 4810.19.1900, 4810.19.2010, 4810.19.2090, 4810.22.1000, 4810.22.50, 4810.22.6000, 4810.22.70, 4810.29.1000, 4810.29.5000, 4810.29.6000, 4810.29.70. While the HTSUS subheading is provided for convenience and customs purposes, Commerce's written description of the subject merchandise governs the scope of these investigations.

- In 2008, imports of certain coated paper from Indonesia were valued at an estimated \$44.3 million and imports from China were valued at an estimated \$228.7 million.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determination on or about November 2.
- If the ITC determines that there is a reasonable indication that imports are materially injuring, or threatening material injury to, the domestic industry, the investigations will continue, and Commerce will be scheduled to make its preliminary CVD determinations in December 2009 and its preliminary AD determinations in March 2010.

ALLEGED DUMPING MARGIN:

COUNTRY	MARGIN
INDONESIA	33.00%-41.00%
CHINA	25.70%-135.80%

ALLEGED SUBSIDY RATE:

COUNTRY	NET SUBSIDY
INDONESIA	Above <i>de minimis</i>
CHINA	Above <i>de minimis</i>

* *de minimis* = less than 1% for developed countries; less than 2% for developing countries.

CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATION
Petitions Filed	September 23, 2009	September 23, 2009
Commerce Initiation Date	October 13, 2009	October 13, 2009
ITC Preliminary Determination*	November 9, 2009	November 9, 2009
Commerce Preliminary Determinations †**	December 17, 2009	March 2, 2010
Commerce Final Determinations †	March 2, 2010	May 17, 2010
ITC Final Determination***	April 16, 2010	June 30, 2010
Issuance of Orders****	April 23, 2010	July 7, 2010

* Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

† These deadlines may be extended under the governing statute.

** This will take place only in the event of a preliminary affirmative determination from the ITC.

*** This will take place only in the event of a final affirmative determination by Commerce.

**** This will take place only in the event of final affirmative determinations by both Commerce and the ITC.

IMPORT STATISTICS:

INDONESIA	2006	2007	2008
Quantity (Tons)	65,298	57,361	53,329
Value (1,000 USD)	48,158	43,856	44,250
CHINA	2006	2007	2008
Quantity (Tons)	303,405	306,387	275,723
Value (1,000 USD)	234,127	243,002	228,697

Source: U.S. International Trade Commission ("ITC") Dataweb available at <http://dataweb.ch.usitc.gov>.

FACT SHEET AND TALKING POINTS

FILING OF ANTIDUMPING AND COUNTERVAILING DUTY PETITIONS ON CERTAIN COATED PAPER FROM CHINA AND INDONESIA

Fact Sheet

On September 23, 2009, three U.S. paper producers and the United Steelworkers, filed antidumping and countervailing duty petitions covering certain coated paper from China and Indonesia. The three producers are Appleton Coated LLC, NewPage Corporation and Sappi Fine Paper North America. The petitions allege that Chinese and Indonesian exporters of the coated paper covered by the petitions are selling in the United States at prices below normal value and that producers in China and Indonesia receive subsidies from the Chinese and Indonesian governments. The petitions also allege that the U.S. industry producing comparable coated paper is being injured as a result of unfairly traded imports from these countries.

The industry seeks to have the United States Department of Commerce and the U.S. International Trade Commission, the agencies responsible for investigating the alleged unfair trade practices, impose duties to offset Chinese government subsidization and below-cost dumping. According to industry data, total imports of coated paper from China and Indonesia, of which the large majority is classified as covered coated paper, have jumped from 131,687 short tons in the first six months of 2008 to 185,422 short tons in the first six months of 2009 -- an increase of nearly 40 percent. During the same period, covered coated paper shipments by domestic manufacturers are estimated to have declined by approximately 38 percent. China and Indonesia together are believed to account for nearly 30 percent of the U.S. market, for the coated paper covered by the petitions, in the first six months of this year, almost double the share they had at the same time last year. Imports from China and Indonesia are underselling U.S. producers and are also steeply discounted relative to other import sources.

The petitions provide information demonstrating that the imports have adversely affected the domestic industry and its workers. The domestic industry has experienced substantial capacity reduction and under-utilization resulting in the loss of thousands of jobs. The petitions show that unfairly traded imports from China and Indonesia are a significant contributor to that underutilization of capacity and resultant job loss.

The cases are expected to take about a year to complete. The U.S. International Trade Commission will make its preliminary determination regarding whether the U.S. industry is being materially injured by unfairly traded Chinese and Indonesian imports by mid-November. The U.S. Department of Commerce will issue their preliminary determinations regarding government subsidies by December 2009 and regarding dumping by March 2010.

Talking Points

- Today three paper producers and the USW filed antidumping and countervailing duty cases covering certain types of coated paper that are being imported into the United States from China and Indonesia.
- The cases were filed with the two U.S. government agencies responsible for investigating these types of unfair trade practices -- the U.S. Department of Commerce and the U. S. International Trade Commission.
- The cases cover two types of unfair trade: dumping and subsidies.
- Dumping occurs when a foreign producer sells into the U.S. market for less than the price that producer charges in the home market or when it sells below the cost to produce the product. If the Department of Commerce finds that there is dumping, and the International Trade Commission finds that the U.S. industry is injured by the dumped imports, duties will be imposed to offset the amount of the dumping found to exist.
- The Department of Commerce will also determine whether producers in China and Indonesia benefit from government subsidies. If the Department of Commerce finds that countervailable subsidies have been provided, and the International Trade Commission finds that the U.S. industry is injured by the subsidized imports, duties will be imposed to offset the amount of the subsidies found to exist.
- Both the Chinese and Indonesian governments have had longstanding policies to encourage the development of their paper industries and have provided a host of subsidies to paper producers to help them grow their businesses. In fact, China is now one of the world's largest producers of coated papers as a result of government subsidies.
- The petitions allege that Chinese producers get low-cost loans from government banks; cheap electricity, coal, and water from Chinese utilities; and special prices for chemicals used in paper production from government-owned chemical companies. Chinese paper producers also benefit from a variety of tax subsidies and receive grants from the central and provincial governments. The Chinese government also undervalues its currency -- the yuan -- which provides a huge windfall to Chinese exporters.
- In Indonesia, we have alleged that Indonesian coated paper producers get timber from government-owned lands at below-market prices, that they have benefited from government loans and debt forgiveness, and receive tax breaks.
- U.S. producers of coated paper have struggled in the face of low-priced imports of coated paper from China and Indonesia. We have seen the market erode because of unfair trade practices and this has forced the closure of quite a few paper making machines and forced U.S. producers to take market-related downtime. The U.S. trade laws, and the petitions we have filed, do not seek to exclude foreign products from our markets. Rather, their purpose is to assure that foreign products are fairly traded in our markets.
- We are hopeful that these cases will restore a level playing field in the market for coated papers.

Trade Case Update ~ March 2, 2010

Appleton Coated LLC, NewPage Corporation, Sappi Fine Paper North America and the United Steelworkers Union filed trade cases on September 23, 2009 seeking to end dumping and subsidy practices, involving certain coated paper produced in China and Indonesia, which have devastated production and employment in the United States.

Background

- The cases deal with subsidy and dumping practices of these countries.
- The cases identify broad subsidy benefits that producers in each country enjoy and which should be addressed by the U.S. government.
- Dumping occurs when a foreign producer sells into the U.S. market for less than the price that producer charges in its home market or when its U.S. prices are below the cost to produce the product. The dumping margins identified in the case run as high as 135.8 percent.

U.S. Department of Commerce Preliminary Finding of Improper Subsidies

- The Department of Commerce found that Chinese and Indonesian coated paper producers had received improper subsidies and issued countervailing duty determinations ranging from 3.92 to 17.48 percent. As a result of these determinations, the Department of Commerce will impose tariffs on imports of coated paper to offset the unfair advantage provided by subsidization. This triggers the immediate requirement that importers of the paper from the two countries will have to post bond or cash deposits in an amount equal to the announced margins.

Support of the Trade Cases:

- Senators, Representatives and other public officials from all across the country have contacted the International Trade Commission and the Department of Commerce in strong support of the case. These officials have seen firsthand the devastating impact of the Chinese and Indonesian dumping and subsidy practices, on production and employment in their communities and states. They are regularly hearing from people in their communities about the need to respond to foreign unfair trade practices.
- On February 25, fifteen Senators – Democrats and Republicans – joined together in a letter to Commerce Secretary Locke asking that his Department act to counter China's currency manipulation which operates as a subsidy to its exporters.

Specific Decision by the Department of Commerce:

The Department of Commerce's decision supports the allegations in the petitions that imports from these two countries are being subsidized. Specifically, in the China investigation the Department of Commerce found that Chinese producers benefitted from preferential lending, preferential income tax programs, tax credits for purchasing domestically-produced equipment, import duty and VAT exemptions for imported capital equipment, research and development tax credits, and preferential provision of electricity. In the Indonesia investigation, the Department of Commerce found that the provision of timber for less than adequate remuneration, government debt forgiveness, and the government of Indonesia's ban on the export of logs, provided countervailable subsidies to coated paper producers in Indonesia.

In addition, with respect to the China investigation, the Department of Commerce noted that it is reviewing the Petitioners' allegation that undervaluation of China's currency provides a subsidy, as well as other new subsidy allegations, which could make a difference in the rates assessed in the final determination.

Next Steps:

- A number of steps will occur as the case proceeds. Each of these steps is vital to ensuring that the unfair trade practices are addressed.
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- On an ongoing basis, the government will conduct a further examination, including site visits, to obtain additional facts to guide them in making their final antidumping and countervailing duty determinations.
- In the Fall, the International Trade Commission will conduct a public hearing to hear the arguments of each side as it prepares its final decision as to whether the domestic industry is injured or threatened with injury by reason of imports of Chinese and Indonesian coated paper.

Towns that have signed the Paper Case Resolution:

Mexico, Rumford, Skowhegan, Canton, Livermore, Turner, and Dixfield

On the agenda in the future in the following towns:

Peru, Roxbury, Andover, Hartford, Livermore Falls, Wilton, and Bethel

Other targeted towns:

Farmington, Byron, Carthage, Chesterville, Newry, Weld, Old Town, Bucksport, Orland, Brewer, Millinocket, East Millinocket, Lincoln, Madawaska, Madison, China, Albion, Fairfield, Westbrooke.

March 19, 2010

Good morning everyone, my name is Judilee Whittemore. I've worked in the New Page Paper mill in Rumford for 20 years now.

I have been a single mother of two teenage daughters for nearly 15 years. One will be attending college in the fall. I cannot begin to phathom the effects that would go on in my community, if the mill was to close. The devastation that would hit us all would be astronomical.

Just to touch on the effects briefly...

There would be an endless supply of houses flooding the housing market. BUT who would buy them? I would have to let the bank take my house. I would have to go and live with one of my parents. At 42 years old and with two teenage daughters, the thought of packing everything up and moving in with Dad does not excite me, nor would it him, I'm sure.

The banks would also be affected. There would be no cashing of weekly checks, no mortgage payments, no Christmas club payments, no borrowing for loans and lots and lots of foreclosures from former mill workers.

There would be no Christmas or birthday presents, or any other celebrating going on in our family for a long time.

My daughters wouldn't be able to attend college, for I wouldn't be able to sign for loans for them.

If the Rumford mill was to close, surely all the little Mom & Pop stores would soon close, too. Filling stations and clothing stores would lose their customers as well.

Our town's ONLY grocery store would have to lay off their workers for the lack of customers buying groceries. I would not be able to buy the average amount of groceries that I buy now. If I did, it would be on state supplied food stamps.

I personally would not be paying for my cable, phone, light, sewer bills, my town taxes, registrations to my recreational vehicles and more. All these businesses would not receive money from me or from my former coworkers.

Local clubs, beauty salons, mechanic service garages, hardware stores and restaurants all would be greatly affected.

Now I want to read from a fellow employee who suffered through our last large layoff. This letter is only a sample of more than 400 hand written letters that our mill workers have written so far.

Judilee Whittemore
Rumford, Me.

To: Senator Olympia Snowe, Senator Susan Collins, Congressman Mike Michaud and
Congresswoman Chellie Pingree, and

Secretary Gary Locke, Secretary Marilyn R. Abbott.

Re: Illegal Paper Dumping in the U.S. by China and Indonesia

Dear Honorable Ladies and Gentlemen,

In Mar. of 09 I was laid off from the Rumford
Paper Mill. From that point I began to collect
unemployment of \$344.00 and a big \$75.00 dollar
stimulus. That's about half of what I was making.
I had to cash in my 401K just to make car
payments, which I ended up losing any way.
I fell behind in Rent, cable, phone ect.
I broke my hand and that ending up being a
\$500+ plus bill. I had no ins. at the time.
\$80 of that was because I was a 1st time patient.
what is that? It took me 6 mo. to find
another job, making the same amount ~~as~~
unemployment. That was the 2nd highest paying
job in the area.

IF I lose my job due to ~~illegal~~ illegal dumping,
I won't have any money to move, I'll have nowhere to go.

"Playing catch-up right now and would like to
get ahead" some days. I've financially suffered this year.
OWE The State of Maine \$853.19 for not taking
tax out of U.I. Feels like a slap in the face!

→

Please stop illegal dumping on our industry.

This state needs to start giving back to Americans.

Thank You.

March 19, 2010

Good morning ladies and gentlemen, thank you for the opportunity to address this forum here today.

My name is Ron Hemingway. I have been employed at the Rumford Paper Mill for about 34 years, with about 25 years or so as an officer for the local paper workers union, which is now USW, Local 900. I have held various positions including President for 3 years, currently recording secretary.

I have also been an officer for the Maine Labor Council for about 18 years, and have heard testimony from many other paper mills throughout Maine. Our story is not unique among paper mills.

We had multiple layoffs for the past couple of years. We have had about 100 members laid off in the past year for nearly a year in length. During that time, we also had many other layoffs, including myself for several weeks.

When there is a long term layoff, some of which is caused from the import of paper from China and Indonesia, many things happen. 1st, all the most junior people go out the door. These people hit the street, file for unemployment, and then look for other services. Our mill has qualified for TAA/TRA for our last few layoffs, so this demonstrates that the layoffs are caused by imports.

These people would rather just continue to work, they have pride. They do not like to file for unemployment. They want to go to work, earn money, and support their family. Only 20 out of the 130 total people that were getting laid off did not come back. I think many of them were fairly well through their TAA sponsored schooling, and they are tired of being on the bottom and repeatedly getting laid off. As long as there excessive illegal imports of paper flooding our market, there is no job security.

As you know, when workers are laid off from a manufacturing facility, they do not have as much money to spend in their community. But there is more to it than just these workers. As the mill shuts down, partially or totally, then many other workers lose their livelihood.

Loggers, chemical suppliers, wood chip plants, and other various vendors who supply our mill also lose when we are down. They have families and

business bills to pay. Other businesses depend on them as well. The fallout is huge.

The average age at our mill, which is fairly normal throughout the state, is about 54 years old. This advanced age it very hard for this age group of workers to be found as desirable for other employers to consider for employment.

One of our members was recently laid off for nearly a year. During this time he became ill, and now needs dialysis. He had to let his insurance lapse while on layoff due to the high cost. Now he wonders if he will be able to make his mortgage payments, buy groceries, utilities, car payment, and other financial obligations. He may never have been laid off if it were not for the illegal imports from countries like China and Indonesia.

There are many other stories of hardship as there were people laid off. Time does not permit me to cover them. But another aspect to consider is the Company's view. As some workers are laid off, others need to be trained to perform their task. Safety suffers, which can be expensive.

The mills like this also have a fixed cost. A mill as large as ours is not configured to run at less capacity, and the cost of production goes up as we reduce production and shut parts of the mill down.

In short, the workers suffer, the community suffers, and the Company suffers when we have cheap imported, illegally subsidized paper dumped on our market.

We are asking for your support to help stop this practice.

Thank you,
Ron Hemingway
Dixfield, Maine