

Pulp truth

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USW Fights Unfair Trade by Joining Paper Industry in Trade Cases Against China, Indonesia

Our union continued its fight for fair trade by filing on Sept. 23 four petitions with NewPage Corp., Appleton Coated LLC and Sappi Fine Paper North America regarding the dumping and subsidizing of certain kinds of coated paper into our market by China and Indonesia. Thousands of our members have lost their jobs and communities have been adversely affected as a result of the two countries' unfair trade actions.

Our union and the industry filed the petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) and are asking the agencies to impose duties to offset Chinese and Indonesian government subsidization and dumping. The cases are expected to take about a year to complete, with a preliminary determination by the ITC in mid-November and by the DOC in December 2009 and March 2010.

"All we are asking for is the enforcement of our laws, that if we are going to have a ruled-based system, then both sides are expected to play by the rules," USW President Leo W. Gerard said on a Sept. 24 press call with the NewPage, Appleton Coated and Sappi CEOs.

The paper products covered by the petitions include coated paper used in high-quality writing, printing, and other graphic applications using sheet-fed presses, whether in finished sheet form or in semi-finished roll form, with a GE brightness rating of 80 or higher.

Subsidies Given

The petitions allege China is giving various subsidies to its paper producers, including low interest loans, tax subsidies, input subsidies, land use programs, grants, export tax subsidies and undervaluation of its currency. Indonesian paper companies are allegedly benefiting from timber provided from government-owned land at below-market prices, a ban on log exports, government loans, debt forgiveness and tax incentives for certain encouraged businesses.

Chinese and Indonesian imports of the coated paper products have risen almost 40 percent in the first six months of this year compared to the same time period last year, according to the trade petition. In contrast, domestic shipments

have declined about 38 percent. Together, these two countries are believed to have taken nearly 30 percent of the U.S. market for the type of coated paper covered by the petition for the first six months of this year. This is almost double the market share they had for the same time period last year.

Job Cuts

The effect on the US paper sector of unfair trade has been immense. "The overall paper sector since 2002 has lost almost 60,000 jobs, most of them we believe to unfair trade as a result of subsidizing and dumping....," Gerard said.

John Cappy, president and CEO of Appleton Coated, said that despite the industry's modern and flexible assets, cost-cutting and other measures to improve efficiency it is having difficulty and losing market share to China and Indonesia because of their unfair trading practices and subsidies. He said his company has had to significantly reduce production and layoff people. In the spring of 2008 the company restructured the business and permanently reduced the work force by 10 percent, eliminating 69 jobs. He also said capital investment has been negatively impacted.

Mark Gardner, Sappi president and CEO, said last month his company permanently closed its Muskegon, Mich., mill, costing a loss of 190 jobs, because of unfair trade and he does not want to have to do the same for another North American site.

"Our goal is to restore fair competition to the marketplace," Gardner said. "We are willing to compete with anyone on a level playing field."

These trade petitions affect about 6,000 USW-represented production workers at paper mills operated by NewPage, Appleton Coated and Sappi in nine states.

Not Protectionism

"Clearly in our view, this case is not about protectionism. It's about fair trade," said Rick Willett, president and CEO of NewPage Corp., the largest coated paper producer in North America.

He and USW International Vice President Jon Geenen talked about how the U.S. paper industry could compete if

there was a level playing field. Our domestic industry has lower transportation and logging costs, and most of the raw material and energy costs are lower.

“We have very modern equipment we’ve been investing in over the last 50 years and a very well trained work force,” Willett said.

Geenen said many of the paper machines that have been shut down have not been ancient, so it is not a problem of the U.S. having aging facilities. If the Chinese and Indonesian competitors were playing by the rules, our domestic industry could compete because it operates efficiently.

“The cost of this unfair trade has been incredible for the USW paper workers in rural towns and metropolitan communities,” Geenen said.

Support Across Industry

Besides the three largest coated paper producers that are petitioners, this trade case enjoys wide-industry support. Unisource Worldwide, Inc., one of the leading distributors of paper, packaging and facility supplies in North America, sent out a press release in support of the antidumping and anti-subsidy petitions.

“Unisource supports this action which will ultimately lead

to additional investment in the U.S. economy and a much stronger and healthier domestic paper industry,” said Al Dragone, CEO of Unisource.

Congressman Mike Michaud (D-Maine), a USW member, and Congressman Bart Stupak (D-Mich.) issued statements of support.

“Given the recent surge of imports, the shutting down of domestic paper machines and substantial job losses, this petition by our paper industry also deserves the Administration’s support....The president got it right when he said that no system of trade will work unless we enforce agreements. This isn’t about stopping trade; it’s about making sure that our trading partners play by the rules,” said Michaud’s statement.

“American paper companies and their employees can compete with anyone, provided the playing field is even,” said Stupak’s statement. “In the face of the current economic downturn it is more important than ever that we enforce the trade agreements that are already in place to prevent more of the shutdowns and cutbacks that have cost thousands of paper workers their jobs in recent years. We must ensure U.S. trade policy does not undermine American businesses and American workers.”

PCA Council Builds Solidarity, Plan of Action

PCA local unions met Sept. 15-18 at the USW’s Nashville office to build power through unity and devise strategies and tactics in preparation for the expiration of their master agreements in April 2013 and 2014.

The council reviewed its Communication and Action Team (CAT) structures; identified council and bargaining goals; analyzed the strengths, weaknesses, opportunities and threats for the company and the council; and reviewed and set an agenda to improve communications among the local unions. Conference calls, a newsletter, a council directory, regional meetings and use of technology will be deployed to improve communication.

The PCA local members also revisited their legal

rights on the job and as union members; developed a calendar of action for the next 12 months; shared information through local union reports; discussed the USW Paper Mill Safety Survey results and prioritized action; listened to presentations from the Institute for Career Development and Extend Health; and set internal and external organizing goals and a plan of action that includes outreach to other unions at PCA locations.

Locals 9-992, 9-978 and 9-993 at PCA’s Counce, Tenn., facility have upcoming contract expirations.

The PCA council has local union members from 30 company locations.

What’s Happening in Your Local?

Pulp Truth covers news across the entire pulp and paper industry. Please help the newsletter improve its coverage by sending in a write-up about the issues, mobilization activities and contract negotiations involving your local. You can email these stories to *Pulp Truth* editor Lynne Baker at lbaker@usw.org or you can mail them to Lynne Baker, USW, 3340 Perimeter Hill Drive, Nashville, TN 37211.

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