

Paper Is Next Front in China Trade Fight

By KRIS MAHER

NewPage in Escanaba, Mich., is one of three paper firms that filed an antidumping case against China and Indonesia.

PITTSBURGH -- Three paper companies and the United Steelworkers filed an antidumping case Wednesday against China and Indonesia, making good on the union's threat to protect other U.S. industries after winning a recent trade decision against China.

The petitioners said the timing of their complaint, on the eve of the G-20 economic summit here, was coincidental. But it threatens to raise tensions between the U.S. and its trading partners, particularly China, which is smarting from President Barack Obama's decision this month to place hefty tariffs on imported Chinese tires.

The complaint alleges China and Indonesia have been dumping tons of shiny, coated paper used, for example, in car brochures and annual reports. The case is being pursued through a different legal avenue than the one that yielded the tire tariffs and doesn't require approval by Mr. Obama.

But it nonetheless puts the White House in a delicate position, especially since Chinese delegates are expected to confront the administration with allegations of protectionist moves by Washington. Leaders of the G-20 have pledged to resist efforts to curb job losses in their countries by restricting access to their markets. A White House spokesman declined to comment.

Gilbert B. Kaplan, a Washington attorney for the petitioners, said the complaints weren't timed to the G-20 economic summit. He said the four separate petitions alleging dumping and subsidies by the two countries -- totaling more than 2,000 pages -- "have been prepared for some time."

The companies need to prove to the Commerce Department that the governments of China and Indonesia provided subsidies to coated-paper producers, and that imports were sold in the U.S. at prices below the home-market price or the cost of production. The petitioners also need to show the U.S. International Trade Commission that the paper imports caused material injury to the U.S. market or threaten to. "We have very strong evidence on all the factors which are necessary to prove this case," Mr. Kaplan said.

A spokesman for Indonesia's Trade Ministry declined to comment because the government has not yet viewed the antidumping petitions.

A spokesman at the Chinese Ministry of Commerce said: "The rising trade protectionism is worrying. The U.S. should be aware that trade protectionism is a double-edged sword and will do no good to either side."

The tire case was brought under a special provision for countries to temporarily shield their markets from disruptions caused by China's entry into the global trading system. The paper case, by contrast, is a more conventional trade dispute.

The case highlights the growing role of labor unions in U.S. trade issues. During last year's election, Mr. Obama promised to get tougher on trade -- a pledge that won him union votes. Unions now want him to make good on his promise and viewed the tire tariffs as a crucial step.

"Neither the companies nor the union will tolerate being obliterated without asking our government to investigate and enforce the rules of fair trade," said Leo Gerard, president of the Steelworkers union.

The Steelworkers represent about 6,000 hourly workers at paper mills in nine states operated by the three

companies that joined in the complaint. The filings claim that imports of coated paper grew nearly 40% in the first six months of 2009 -- to 185,422 tons -- compared with the same period last year; shipments by domestic producers, at the same time, were estimated to have fallen by about 38%.

China and Indonesia are thought to account for nearly 30% of the U.S. market for coated paper in the first half of 2009, nearly double their share from the first half of 2008. Total U.S. sales for coated paper in 2008 were estimated at \$1.8 billion.

This isn't the first time the U.S. has wrangled with China over coated paper. In 2007, the Commerce Department slapped temporary tariffs on coated paper from China, Indonesia and South Korea, after U.S. producers made similar claims. The decision was later reversed by the International Trade Commission.

Mark Suwyn, executive chairman of NewPage Corp., one of the paper companies that filed the petitions, said the trade conditions of 2007 have grown more severe. He estimated that three-quarters of coated-paper imports are from China, which has invested in factories capable of producing far more paper than the country can use.

Mr. Suwyn said the rapid growth of Chinese paper imports -- estimated at \$269 million in 2008 -- showed that paper was being dumped. "It's a commodity business," he said, "so the only way they could grow that big is by coming in with predatory pricing."

The other paper companies involved in the case are Appelton Coated LLC of Kimberly, Wis., and Sappi Fine Paper North America, the U.S. arm of South Africa's [Sappi](#) Ltd. A Commerce Department spokesman said the agency has 20 days to determine if the petitions meet the statutory requirements to begin an investigation.

The U.S. companies allege China is unfairly granting subsidies to its domestic paper producers in the form of low-interest loans, tax subsidies and grants. Similarly, they allege that Indonesian paper companies are benefiting from government loans, as well as timber from government-owned land that is sold at below-market prices.

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REUTERS – Sept. 23, 2009

U.S. union files new trade case against China

Wed Sep 23, 2009 9:04pm EDT

By [Doug Palmer](#)

PITTSBURGH (Reuters) - The United Steelworkers union, fresh from persuading President Barack Obama to restrict tire imports from China, filed a new case Wednesday asking for duties on coated paper from both China and Indonesia.

The action came just one day after Chinese President Hu Jintao complained to Obama about the tires decision in a meeting on the sidelines of a United Nations summit in New York.

Obama will host Hu and other world leaders at the Group of 20 summit Thursday and Friday in Pittsburgh to discuss how to put the fragile global economy on a path to more sustainable growth.

The steelworkers union, which represents workers in a number of industries, sees itself in a battle against what it believes are unfair foreign trade practices that have led to the loss of millions of U.S. manufacturing jobs.

They are joined in their latest trade case by paper manufacturers NewPage Corp of Miamisburg, Ohio; Appleton Coated LLC of Kimberly, Wisconsin; and Sappi Fine Paper North America of Boston, Massachusetts, which together employ about 6,000 union workers at paper mills in nine states.

"Neither the companies nor the union will tolerate being obliterated without asking our government to investigate and enforce the rules of fair trade," Steelworkers President Leo Gerard said in a statement.

Unlike the steelworkers' petition in the tires case, this complaint will not land on Obama's desk.

Instead, the U.S. International Trade Commission, a U.S. federal agency, will have the final word on whether anti-dumping and anti-subsidy duties will be imposed after an investigation by the U.S. Commerce Department.

The petitioners estimate imports of coated paper increased 40 percent in the first six months of 2009, compared with the same period in 2008. Imports from China and Indonesia now supply nearly 30 percent of the U.S. market, they said.

The product is used in high-quality writing, printing and other applications. The cases against China and Indonesia are expected to take about a year to complete, with a preliminary ITC determination by mid-November.

Obama imposed a 35 percent tariff on China tires under a provision of U.S. trade law, known as Section 421, that allows the United States to temporarily restrict imports from China in response to a market-disrupting surge.

China had agreed to the measure as part of the price it paid to join the World Trade Organization in 2001. But Washington had never used the measure against Beijing, and Obama's decision is expected to lead a flurry of new requests.

During the UN meeting with Obama, Hu pressed complaints over the tire duties, but stressed a conciliatory theme that the two countries could keep trade friction under control, China's Ministry of Foreign Affairs reported in a summary issued on its website (www.mfa.gov.cn) Wednesday.

"The special safeguard measures the United States has taken against Chinese-made tires exported to the U.S. suits neither countries' interests, and similar cases should not recur," the report cited Hu as saying.

(Additional reporting by Christopher Buckley; Editing by Leslie Adler)

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THE POST-CRESCENT (Appleton , WI) – Sept. 24, 2009

Suit claims paper dumping

Appleton Coated joins challenge to imports

The Post-Crescent

KIMBERLY — Appleton Coated LLC has joined two other paper firms and the United Steelworkers of America in filing petitions to investigate and offset what they view as costly, unfair trade practices by Chinese and Indonesian paper producers.

"The domestic paper industry producing certain coated paper covered by these petitions has been significantly harmed by unfair trade practices," said John Cappy, president and chief executive officer of Appleton Coated, in a joint statement Wednesday.

"It is important that we offset the dumping and subsidies which are benefiting the Chinese and Indonesian paper companies at the cost of American manufacturing jobs."

Appleton Coated, based here with its mill in Combined Locks, joined NewPage Corp., Miamisburg , Ohio , and Boston-based Sappi Fine Paper North America in filing the antidumping and countervailing duty petitions covering imports.

Appleton Coated cut nearly 70 positions from its work force in 2008 and employs from 650 to 700 at its Fox Cities operations. The petitions allege that various subsidies are provided to Chinese papermakers, including low-interest loans, tax breaks, input subsidies, land use programs, grants, export tax subsidies and the pervasive undervaluation of China 's currency.

In addition, they allege the Indonesian paper companies benefit 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.

"This case is not about protectionism — it's about fair trade," said Rick Willett, president and CEO of NewPage, in the statement released from NewPage corporate headquarters. The firm shut down its Kimberly and Niagara mills last year, permanently eliminating 900 jobs.

Under the statutes, the International Trade Commission is expected to make a preliminary injury determination in November. The U.S. Department of Commerce is expected to issue preliminary determinations in the countervailing duty and antidumping duty cases in December and March 2010, respectively.

The petitions estimate that total imports jumped from 131,687 short tons 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 38 percent.

Last year, papermaker Appleton succeeded in its unfair trade case against China and Germany , winning approval from the ITC and Department of Commerce to impose duties to counter subsidies that gave the companies an unfair edge on imports of lightweight thermal paper.

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MILWAUKEE JOURNAL SENTINEL – Sept. 24, 2009

Paper companies say China , Indonesia not playing fair

By Joel Dresang

Sep 24, 2009 (Milwaukee Journal Sentinel - McClatchy-Tribune Information Services via COMTEX) -- Unfair foreign competition could have made a difference in the closing of a paper mill in Kimberly last year and continues to impinge on domestic makers of certain coated printing papers, the chairman of NewPage Corp. said Wednesday.

That's why NewPage, two other North American papermakers and the United Steelworkers of America have filed antidumping and countervailing duty petitions against competitors from China and Indonesia .

The union and companies -- including Kimberly-based Appleton Coated and Sappi Fine Paper North America -- are asking the U.S. Department of Commerce and the U.S. International Trade Commission to impose duties on their Chinese and Indonesian competitors to offset what they contend have been unfair advantages of government subsidization and predatory pricing.

The petitions revive efforts launched by NewPage more than three years ago. As a result of that initiative, the International Trade Commission determined that NewPage had not been harmed by glossy paper from China, Indonesia and South Korea, even though Commerce had found that those imports were subsidized and sold at low prices that posed unfair competition to NewPage.

"Now it's time to redo the case," said Mark A. Suwyn, NewPage executive chairman.

According to the petitioners, China and Indonesia together accounted for almost 30% of the North American market for coated printing paper in the first half of 2009 -- almost double their share in the first half of 2008.

Between those periods, the companies and union contend, Chinese and Indonesian coated paper imports jumped by more

than 50,000 tons, or 41%, while shipments from domestic producers slipped 38%.

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ASSOCIATED PRES – Sept. 23, 2009

China faces new US trade complaint over paper

[24-September-2009]

A U.S. labor union and three paper companies have filed a new trade complaint over imports of Chinese paper, possibly fueling tensions between Washington and Beijing amid disputes over tires and other goods.

The complaint was announced Wednesday as U.S. President Barack Obama and his Chinese counterpart, Hu Jintao, were attending a summit of leaders of the Group of 20 major economies in Pittsburgh .

The case accuses China , along with Indonesia , of improperly subsidizing exports of some types of coated paper that it says have flooded the U.S. market, wiping out thousands of American jobs.

It comes a week after Beijing filed a World Trade Organization challenge to Washington 's decision to raise tariffs on imports of Chinese-made tires. The two governments also are involved in disputes over access to each others' markets for poultry, steel pipes, music and movies.

The complaint was filed by three paper producers and the United Steelworkers, a union for 6,000 of their employees. The companies are NewPage Corp., of Miamisburg , Ohio ; Appleton Coated LLC, of Kimberly , Wisconsin , and Sappi Fine Paper North America, of Boston .

The USW also filed the complaint that led to the White House decision to raise duties on Chinese tires.

"Neither the companies nor the union will tolerate being obliterated without asking our government to investigate and enforce the rules of fair trade," said Leo W. Gerard, the USW's international president, in a statement.

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BNA DAILY REPORT FOR EXECUTIVE – Sept. 24, 2009

183 DER A-22

International Trade

USW, Companies File Paper AD/CVD Case; Fastener Company Also Files Separate Case

The U.S. Steelworkers and three U.S. paper companies Sept. 22 filed antidumping and countervailing duty cases against Chinese and Indonesian imports of certain types of coated paper.

USW President Leo W. Gerard said in a release that predatory practices and unfair trade policies in China and Indonesia were threatening U.S. jobs, and that the union and paper companies would not tolerate being obliterated without asking the U.S. government to enforce the rules of fair trade.

The companies filing the petition with USW are NewPage Corp. of Miamisburg , Ohio , Appelton Coated LLC of Kimberly, Wis. , and Sappi Fine Paper North America of Boston, Mass. The USW represents about 6,000 production workers at paper mills operated by all three of the companies involved in the case.

The case alleges coated paper imports of 131,687 tons in the first six months of 2008, and 185,422 tons in the first six months of 2009—an increase of 40 percent total imports. Imports from China and Indonesia account for nearly 30 percent of the domestic market, according to a release from USW.

“We have watched as paper machines at each of the companies shutdown from surging China and Indonesian imports,” Jon Geenen, USW International Vice President of the paper industry said.

Broader Imports Covered in New Case

NewPage Corp. was also a petitioner in a case on coated-free sheet paper where the International Trade Commission determined that the domestic industry was not being harmed by Chinese, Indonesian, and Korean exports of glossy paper. The decision by the ITC halted the first countervailing duty case against a nonmarket economy since the Commerce Department changed its policy to allow CVD cases to be brought against NMEs.

USW spokesman Gary Hubbard said that the new case differs from the prior case by covering a broader range of paper exports from China and Indonesia , papers produced in China and Indonesia with more than 10 percent mechanical or combined thermo-mechanical pulp and printing paper for use in sheet-fed printing presses.

Hubbard said the paper imports covered by the case constituted virtually all know current exports from China and Indonesia .

Fastener Case Also Filed

The paper case was not the only one filed Sept. 22, with Nucor Fastener filing AD/CVD cases against imports of standard fasteners from China and Taiwan . Nucor Fastener is located in St. Joe , Ind. , and is a division of Nucor Corp.

Filed by Wiley Rein LLP, Washington , D.C. , the case alleges that Chinese exports of standard fasteners such as structural bolts, nuts, and capscrews have received subsidies from the Chinese government, and that Chinese and Taiwanese fastener producers are dumping their products in the United States .

The petition alleges average dumping margins for Chinese imports of 145 percent, and 74 percent for Taiwanese producers.

“The Chinese and Taiwanese producers have been dumping their products in the United States at unfair prices, and the American producers of standard fasteners have suffered,” Alan Price, counsel to Nucor Fastener said in a release. He said it was essential that the U.S. government vigorously enforce U.S. trade laws given the hard economic times.

Dumping refers to the illegal trade practice of selling a product in a foreign market at below cost of production or home market price. Dumping duties calculated by Commerce are meant to offset the unfair price advantage. However, neither dumping nor countervailing duties will be finalized unless the International Trade Commission finds that a U.S. industry is materially injured or threatened with material injury from the dumped or subsidized imports.

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DAYTON DAILY NEWS – Sept. 24, 2009

Staff Report Updated 1:24 AM Thursday, September 24, 2009

Domestic makers of coated paper — including two companies with operations in Dayton — and organized labor said Wednesday, Sept. 23, that they have asked the federal government to probe the trade practices of China and Indonesia and impose duties on some of the coated paper products they export.

NewPage Corp., Appleton Coated LLC, Sappi Fine Paper and the United Steelworkers of America filed antidumping and countervailing duty petitions against the countries, according to a news release from NewPage Corp.

The petitions ask the U.S. Dept. of Commerce and the U.S. International Trade Commission to impose the duties, the release states. The parties allege in the petitions that Chinese and Indonesian manufacturers are receiving subsidies, low-cost timber and other government help that provide them with an unfair advantage. Products covered by the petitions include the coated paper used in high-quality writing, printing and other graphic applications using sheet-fed presses, in sheet or semi-finished roll form, with a brightness of 80 or higher, according to those filing the petitions.

Rick Willett, president and chief executive of NewPage, said the action is meant to support fair trade.

“Domestic manufacturers enjoy numerous cost advantages over their Chinese and Indonesian competitors for paper used in our domestic marketplace, including abundant, well-managed forest resources, energy and raw materials, as well as lower transportation and logistics costs,” Willett said in a statement. “We are not afraid to compete with anyone on a level playing field.”

In November 2007, the International Trade Commission decided against imposing tariffs on glossy paper imports from China . Earlier that year, the U.S. Department of Commerce had agreed with NewPage in its bid to seek trade sanctions against Chinese glossy paper imports, reversing U.S. policy.

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LAW 360 (NYC) – Sept. 23, 2009

US Paper Industry Seeks New Duties On Imports

By Jacqueline Bell

Law360, New York (September 23, 2009) -- Three U.S paper producers have joined forces with the United Steelworkers union to file anti-dumping and anti-subsidy petitions covering Chinese and Indonesian imports of

certain types of coated paper, alleging that unfair trade practices have significantly harmed the domestic paper industry.

The petitions were filed at the U.S. Department of Commerce and the International Trade Commission, the union confirmed Wednesday. The petitions cover coated paper products used in high-quality writing and printing, among other uses, in both sheet form and roll form with a GE brightness rating of 80 or higher.

The paper producers and the USW claim that various unfair subsidies have been provided to Chinese paper companies, in the form of low-interest loans, tax subsidies and input subsidies, among others.

Indonesian paper companies are also reaping unfair benefits from timber provided from land owned by the Indonesian government at below-market prices, the petitions claim, as well as support in the form of Indonesian government loans and debt forgiveness.

The three paper companies, NewPage Corp., Appelon Coated LLC and Sappi Fine Paper North America, together with the union, are asking for new duties to be imposed on the products to offset the dumping and subsidization of the paper products by China and Indonesia .

Mark Gardner, president and CEO of Sappi Fine Paper, said the company was seeking a level playing field, particularly considering the investments Sappi has made in economic and environmental sustainability efforts. "We want fair competition and protection against those companies not making investments in sustainable practices," Gardner said.

Leo Gerard, international president of the USW, said U.S. jobs were being threatened by what he called "predatory practices" and unfair trade policies pursued by China and Indonesia .

"Neither the companies nor the union will tolerate being obliterated without asking our government to investigate and enforce the rules of fair trade," Gerard said.

The USW represents some 6,000 production workers at paper mills run by NewPage, Appelon and Sappi Fine Paper.

The union and the U.S. paper manufacturers claim that coated paper imports from China and Indonesia have flooded the U.S. market over the past five years. Imports from China and Indonesia account for some 30 percent of the U.S. coated paper market, the firms say, nearly double the share the two countries had last year.

Jon Geenen, USW international vice president who works with the union's paper industry, said that the union had observed paper mills already being forced to shut down, unable to compete with the surge of low-priced Chinese and Indonesian imports.

"In the past year we've suffered closure of entire paper mills that sustained communities employing hundreds in Muskegon , Mich. , and Kimberly , Wis. Our nation's paper workers and their families deserve better," Geenen said. The union said it expected the cases launched by the petitions to take a year to complete, with a preliminary determination from the ITC likely by mid-November.

The paper companies confirmed that a preliminary determination from the Department of Commerce in the countervailing duty and anti-dumping cases is expected in December and in March 2010.

Case information and details regarding the law firms involved could not immediately be identified at the time of publication

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TECH TALK (blog post) – Sept. 24, 2009

First Tires, Now Paper: Odds of Trade War "Starting to Inch Up," Ip Says

Posted Sep 24, 2009 01:17pm EDT by [Aaron Task](#)

Related: [IP](#), [MMV](#), [WY](#), [GT](#), [X](#), [^DJI](#), [^GSPC](#)

On the eve of the G20 meeting, three paper companies and the United Steelworkers filed an [antidumping complaint](#) against Chinese and Indonesian paper makers.

Coming less than two weeks after [the U.S. slapped tariffs on Chinese tires](#) and China responded with tariffs against U.S. auto parts and chickens, many are worried that protectionism is rearing its ugly head.

The odds of a trade war remain low but are "starting to inch up," says Greg Ip, U.S. economics editor at [The Economist](#).

The paper complaint is a long way from becoming a formal sanction, Ip notes. But "the thing on tires Obama did was very troubling," he continues. "Essentially, he could have said 'no' and he said 'yes'. He's going to invite a lot more complaints of this nature."

Ip's concern, shared by many economists, is that if the economy remains weak, Obama is going to come under pressure from

various labor groups to impose sanctions on a variety of other goods.

"If unemployment stays high and workers are still struggling a year or two from now, you're going to get more protectionist pressures," Ip says. "It's going to be hard for the administration to say 'no' when it said 'yes' this time."

Obama's critics say the tire tariffs were expressly done to pander to unions, whose support the White House needs to push through health-care reform - and maintain Democratic majorities in the 2010 mid-term elections.

While acknowledging the political realities, Ip says there were some mitigating factors in the tire case, such as a Sept. 17 deadline for Obama to act, and the need for him to gain credibility on trade after campaigning about being tougher on trade laws than his predecessor.

The good news is China 's response to the tire tariffs was "restrained," Ip says, expressing hope this will not escalate - a hope shared by the vast majority of economists.