

Congress of the United States

Washington, DC 20510

July 28, 2010

The President
The White House
Washington, DC

Dear Mr. President:

We write to bring to your attention the damage caused to American manufacturing by the subsidies that China's paper industry receive, which are significant and market-distorting.

A recently released study by the Economic Policy Institute (EPI) documents the known subsidies that China's government provides its paper industry and the ensuing exponential growth of production and export sales of Chinese paper. These events correspond to an increasing U.S. trade deficit with China in paper. The EPI study shows that paper production in China tripled over the last ten years, despite global overcapacity, saturated markets, and no inherent advantage in the marketplace. It is clear to us that the rise of China's paper industry is less related to market forces than to a decision by China's government to implement an industrial policy that promotes domestic paper production.

America's paper industry is the most efficient in the world and is part of a supply chain that promotes sustainable forestry practices and good-paying jobs. This industry should not be asked to continue to compete on the unlevel playing field that China has constructed through heavy subsidization of domestic production. This is a critical period of time for the U.S. paper industry. Production in the U.S. has declined while China's surged. From 2002 through the end of 2009, U.S. employment in the paper and paper products sector dropped 29 percent, from roughly 557,000 workers to 398,000. In each of our states and districts, hardworking Americans still rely on the paper industry – both directly and indirectly – for their livelihoods and the chance for a decent, middle-class wage.

To that end, we urge you to carefully examine the practices employed by the Chinese government to provide its paper industry an artificial and unfair advantage in the U.S. market, and determine the extent to which these practices cause or threaten to cause harm to American producers. Such an analysis should be conducted to identify China's unfair trade practices in the paper industry and apply all appropriate and necessary remedies to combat those identified. Thank you for your attention to this important issue.

Sincerely,

Ron Wyden

Michael Pachard

Olympia Snowe

Frank A. McCutcheon

Chuck Sch

Mum Feingold

Shorel Brown

Bob Sanders

Jim Bunning

Nellie Starnow

Ben Card

Carl Levin

Arlen Specter

Susan Collins

Ernie Bayh

Byron F. Dorgan

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John F. Kerry

Amy Klobuchar

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Blaich R. Lincoln

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Herb Kohl

Kathy Dalko

Phil Hare

Chuck P. Conz

Mike Doyle

Jack

Candice S. Miller

Chet Wilson

Glenn G. Thompson

Samford D. Bishop

T. H. R.

Mike Reed

mt 5X

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Jan Burton

Bob Inglis

Baron P. Hill

Rodney Alexander

Jason Altman

AE

Brad Ellsworth
IN-8TH

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Steve Kagen MD

BRAN Higgins

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Stephen Lynch

Allyn J. Schwartz

Sept Pitts

Jim W. Brown

Sam J. Brady

Brad Eick

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Robert B. Aderholm

Peter Wed

Ben Chandler

Marcia & Judy

T. R. ...

Miriam Waller

Thomas W. Childers

Betty Sutton

Michael R. ...

Peter Hekster

Peter J. Viadovsky

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Marcy Kaptur

Joe Donnelly

John A. Bocini

Daniel Lipinski

Clare E. ...

Paul E. Kajonicki

Tom Petty

Carolyn Cheeks Kilpatrick

Jan Schultz

Alamy V. Costello

John Conyers

JoAnn Emerson

Jim Sh

Ted K. Ratts

Loella Sanchez

S. C. Linn

Jim Oberstar

Shirley Hasell

Losa Jedauro

Mike McIntyre

Dennis J. Kucinich

Tony Baldwi

Louise Slaughter

[Signature]

Mr. Mr.

Bart Stupak

Mary Jo Kilroy

D. Hoeler

Tim Ryan

Th. Schauer

Walter B. Jones

Nick Rahall

Oliver

John W. Olue

Carol Shea-Porter

Mark Schauer

Tommy