

18-059881



State of Tennessee House of Representatives

A-122-861;
C-122-862
Investigations
Public Document
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**REPRESENTATIVE
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**23rd HOUSE DISTRICT
McMinn and Monroe
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February 21, 2018

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2018 FEB 27 PM 4: 03
U.S. EXECUTIVE SECRETARIAT

The Honorable Wilbur Ross
Secretary, U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, DC 20230

RE: Investigation Nos. C-122-862 and A-122-861

Dear Secretary Ross:

I am concerned to hear that the Department of Commerce is investigating petitions filed by a small mill in Washington State against Canadian manufacturers of uncoated groundwood paper, sold to their customers in the United States.

I represent a District in Tennessee that has long been home to a very large pulp and paper manufacturing facility owned by Resolute Forest Products, and although they no longer produce newsprint, I can remember when that was all they produced. You see, the decline in demand by publishers for newsprint forced the mill to close some of their newsprint machines, and convert others to grades of paper in markets with stronger demand.

In 2015 they announced a capital investment plan at the Calhoun, TN mill which included a new pulp digester, tissue machine and converting operation, totaling over \$400 million. Tissue is a growing market and they are implementing a business strategy that will transition them out of newsprint and into growth markets. This trend is occurring across the United States. In fact, since 2007, 78 paper machines in North America producing uncoated groundwood paper were either closed or converted to produce other paper grades. Forty-nine of those machine closures were in Canada.

This represents a more than 75 percent reduction in North American consumption since year-2000, and continued decline of consumption well in excess of 10 percent annually.

This continuing trend leads me to believe that as the supply of newsprint contracts in North America, newspaper publishers and printers in the U.S. – those that depend on this paper grade for their livelihood -- will find it increasingly difficult to procure enough to support their business.

There is currently not enough production capacity in the U.S. to fill current demand, and if the supply diminishes because publishers and printers are not willing to pay more for their paper, or because producers in Canada decide to convert more production to other grades, where will this paper come from?

I have seen the effects of the decline in the newsprint industry at the mill here in Tennessee, and I fear that duties on the imports of this paper from Canada will only hurt U.S. publishers and printers. And as their business continues to decline, less newsprint will be purchased, driving down the demand even faster for newsprint manufactured in the U.S. I am convinced that new capacity will not be built in this declining market to fill the gap, so it will become even more difficult to locate a dependable supply of paper.

In summarizing my concerns, I ask you to please consider the full impact of your decision on not only the U.S. paper industry, but more importantly, the publishers and commercial printers that depend on a steady supply of paper, at a competitive price, to stay in business.

Sincerely yours,

A handwritten signature in black ink that reads "John Forgety". The signature is written in a cursive, flowing style.

Dr. John Forgety
State Representative, 23rd District
Athens, TN - McMinn County

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