

United States Senate
WASHINGTON, DC 20510

COMMITTEES:
APPROPRIATIONS
COMMERCE, SCIENCE,
AND TRANSPORTATION
ENERGY AND NATURAL RESOURCES
ENVIRONMENT AND PUBLIC WORKS
RULES AND ADMINISTRATION

July 24, 2018

The Honorable David S. Johanson
Chairman, U.S. International Trade Commission
500 E Street S.W.
Washington, DC 20436

Re: Uncoated Groundwood Paper from Canada
Inv. Nos. C-122-862 and A-122-861

Dear Chairman Johanson,

I write today concerning the pending investigations on uncoated groundwood paper from Canada. I would like to thank you for allowing me to submit this written testimony in support of thousands of workers in my home state of West Virginia.

I am testifying out of concern for the U.S. paper industry and the consumers and end users of its value chain. As you investigate this issue, I urge you to consider the potential negative impact that increased duties would have on the U.S. economy overall rather than a single, small company. It should give the Commission pause that the broader U.S. paper industry does not support this petition.

Quad Graphics, an American printing company, has three facilities in Martinsburg, West Virginia, that employ 1,200 workers. The printing industry alone is an \$82 billion industry in the U.S. that still employs nearly 450,000 people.

Another company in my state, Resolute Forest Products, employs over 100 workers at its mill in Fairmont, West Virginia. Resolute is concerned that there simply is not enough U.S. production capacity of uncoated groundwood paper to meet domestic demand. Imposing duties on our neighbor and ally for a product that we cannot produce enough for ourselves is counterproductive to the health of the U.S. economy.

Finally, large uncoated groundwood paper consumers include the newspaper industry. Key customers of both Resolute and Quad Graphics include the members of the West Virginia Press Association. Established in 1869, the Association represents 73 daily and weekly small town and regional papers based in West Virginia. Together, these papers have about 1,500 workers, located in every county of the state.

If Canadian imports of uncoated groundwood paper are subject to permanent duties, prices in the whole newsprint market will continue to rise at a time when the demand for North American newsprint has already declined by approximately 75 percent over the past two decades. Such an

increase in the price of newsprint would especially hurt those small, rural newspapers across my state. Nine of those newspapers wrote to you last December regarding this matter.

Many small-town papers were already struggling before they faced these preliminary tariffs; I worry that the price increases we are seeing, or associated supply shortages, if the preliminary tariffs are made permanent, will force some papers to shut down.

I would ask that the Commission give careful consideration that most domestic producers of uncoated groundwood paper believe tariffs will harm them by accelerating the fall in demand for newsprint that is already underway.

Again, I thank the Commission for the opportunity to provide my testimony on such an important matter.

Sincerely,



Shelley Moore Capito
United States Senator