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## United States Senate

WASHINGTON, DC 20510

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BUDGET

July 27, 2018

The Honorable David Johanson  
Chairman, U.S. International Trade Commission  
500 E Street, SW  
Washington, D.C. 20436

Dear Chairman Johanson:

I write in regards to the pending antidumping and countervailing duty investigations involving imports of uncoated groundwood (UGW) paper from Canada. As co-chair of the Senate Paper and Packaging Caucus, I have a particular concern about the overall harm these tariffs will have upon the long-term health and viability of the domestic UGW paper market as well as the negative impact to users of UGW.

The U.S. newspaper, book manufacturing and commercial printing industries – the primary consumers of UGW paper – employ more than 600,000 workers across the country. In my home state of Arkansas, more than 9,000 of my constituents work at a printing or publishing facility. Notably, 95 percent of these facilities are small businesses employing fewer than 100 individuals.

Certain segments of the printing and publishing industry have been hit hard by electronic alternatives and changing consumer habits. This is reflected in decreased demand of UGW paper of approximately 75 percent since 2000. The change in consumption of news, reader habits and advertising tactics are reducing the demand of UGW paper.

Since the start of cash deposits of tariffs on UGW paper at the border, industry reports of supply shortages and cost spikes have surfaced. The severity of these tariffs, ranging from a combined total of 28.25 to 32.09 percent, means that more market disruption is expected, and, consequently, more domestic manufacturing jobs could be put at risk. I am concerned the trade remedies under consideration would both hasten a declining sector within the printing and publishing industry and negatively impact job creation at manufacturing companies in Arkansas and throughout the country.

The impact on this sector is highly relevant to the International Trade Commission (ITC)'s calculation of whether or not there has been or will be material injury or threat of injury to the domestic producers of UGW paper. While typically the ITC does not factor in such data of

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impact on downstream users of the product in question, in this case, I encourage you to do so. The unintended consequence of imposing tariffs on Canadian imports of UGW paper will be an erosion of the U.S. customer base due to price increases and supply shortages of the product. The customer base could erode in several ways, including readers and advertisers choosing other alternatives, such as digital; publishers reducing number of pages or days of publication of products made from newsprint; and newspapers, particularly those in rural areas, shutting down.

This erosion will lead to less demand and less output from domestic mills producing UGW paper. It certainly will not increase demand and spur new business investment in greenfield paper mills to produce this product or the conversion of existing mills and machinery to begin re-producing UGW paper. It is also the reason these tariffs are opposed by trade associations representing domestic paper producers. Therefore, the ITC should factor the impact of these tariffs on the customer base into its decision.

I support the application of trade remedy laws that are designed to protect and improve American manufacturing and jobs. I respectfully urge the ITC to find these tariffs on UGW paper harmful to the domestic producers and to make proper and timely restitution of preliminary tariffs collected prior to the ITC's final decision.

Sincerely,

  
John Boozman  
U.S. Senator

CC: The Honorable Wilbur Ross  
Secretary, U.S. Department of Commerce

The Honorable Irving A. Williamson  
Commissioner, U.S. International Trade Commission

The Honorable Meredith M. Broadbent  
Commissioner, U.S. International Trade Commission

The Honorable Rhonda K. Schmidlein  
Commissioner, U.S. International Trade Commission

The Honorable Jason E. Kearns  
Commissioner, U.S. International Trade Commission