



American Forest & Paper Association

MEASURE: HB 4142
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2012 SESSION H BUSINESS & LABOR
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SUBMITTED BY: Paul Cosgrove

February 7, 2012

Rep. Chris Garrett
Rep. Bill Kennemer
Co-Chairs, House Committee on Business and Labor
Oregon Legislative Assembly
900 Court Street, NE
Salem, OR 97301

RE: House Bill 4142

Dear Co-Chairs Garrett and Kennemer:

The American Forest & Paper Association (AF&PA) appreciates the opportunity to comment on House Bill 4142, which would create a state purchasing preference for recycled paper produced in Oregon. We respectfully oppose House Bill 4142 and believe strongly that the proposed legislation will create a competitive disadvantage for businesses engaged in the manufacture and sale of recycled paper products in Oregon and throughout the Pacific Northwest region.

The American Forest & Paper Association is the national trade association for the forest products industry, representing pulp, paper, packaging and wood products manufacturers, and forest landowners. Our companies make products essential for everyday life from renewable and recyclable resources that sustain the environment. The forest products industry accounts for approximately 5 percent of the total U.S. manufacturing GDP. Industry companies produce about \$175 billion in products annually and employ nearly 900,000 men and women, exceeding employment levels in the automotive, chemicals and plastics industries. The industry meets an annual payroll of approximately \$50 billion and is among the top 10 manufacturing sector employers in 47 states. In Oregon, pulp and paper manufacturers employ over 5,500 individuals at 55 facilities, meeting an annual payroll of nearly \$480 million. Oregon manufacturers produce over \$3 billion in products, and pay an estimated \$158 million in state and local taxes.

AF&PA shares House Bill 4142's goals of growing Oregon's recycling industry, which is why our industry has voluntarily spent considerable resources – and working with our partners in the states – building the infrastructure to recover and recycle our products. However, we have serious concerns regarding restrictive purchasing regulations on products that contain recycled fiber such as the provisions put forward in the bill, and firmly believe this approach will ultimately do more harm than good to Oregon's recycling industry.

Market Access

Interstate markets are complex, efficient and dynamic. AF&PA supports open-market access for all of our industry's products. We oppose state laws such as House Bill 4142 that create barriers that distort interstate commerce, increase the cost of doing business and restrict access to local markets for any of our industry's products. In addition, we believe that passage of House Bill 4142 may have serious unintended consequences. State-sponsored preferences for Oregon-made paper products could give rise to other states adopting similar measures, especially in neighboring states Washington, California and Idaho.

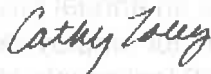
State-Directed Purchase Preferences

AF&PA has concerns with state-directed purchase preferences such as those contained in House Bill 4142 that advantage one kind of product over another based on content or origin. As with other manufacturing sectors, the paper industry designs products to meet certain functional and aesthetic specifications. Raw materials are chosen to meet those specifications based on quality, availability, and price. Recovered fiber is used as a raw material based on meeting quality and performance characteristics of the final product. The choice of fiber—whether virgin or recovered fiber—must strike a balance among quality, cost, functionality, and production performance for each grade and each facility.

We strongly believe that purchase decisions should be guided by marketplace forces – including products' quality, cost and performance characteristics – rather than have arbitrary government preferences pick winners and losers.

We look forward to working with you on issues concerning the forest and paper industry in the state. Please feel free to contact our legislative advocate in Oregon, Paul Cosgrove, at (503) 291-6700 for further information.

Sincerely,



Cathy Foley
Group Vice President, Paper

Cc: Rep. Margaret Doherty, Co-Vice Chair
Rep. Sal Esquivel, Co-Vice Chair
Rep. Jason Conger
Rep. Val Hoyle
Rep. Mark Johnson
Rep. Greg Matthews