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Written Testimony of the Oregon Fair Trade Campaign
Submitted before the
House Committee on Business and Labor
in Support of Senate Joint Memorial 5

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The Oregon Fair Trade Campaign is a statewide coalition of labor, environmental and human rights organizations working together to improve international trade policy. We appreciate this opportunity to voice our support for Senate Joint Memorial 5, a measure urging Acting Secretary of Commerce and the United States Trade Representative to investigate the extent of subsidies China grants to Chinese paper manufacturers and whether subsidies violate World Trade Organization rules, and to evaluate impact Chinese subsidies have on United States paper manufacturers.

Today, paper mills employ an estimated 3,300 Oregon workers, and many of those jobs remain in jeopardy. A primary reason for job loss in the industry is unfair trade with China and other nations that, on the back end, has forced local producers to compete with what are often subsidized paper imports.

In March 2011, after more than a century of operation, the Blue Heron Paper Company closed its doors in Oregon City, laying off over 200 employees. In November 2011, SP Newsprint in Newberg, Oregon's largest recovered paper mill, filed for bankruptcy protection. And in December of last year, 2012, Boise Inc. permanently shut down its one remaining paper machine at the company's St. Helens paper mill resulting in the loss of 105 jobs.

These mills play an important role in the local economy and the damage that's wrought whenever we lose one to unfair competition overseas is far reaching.

In 2001, Congress voted to allow China to join the World Trade Organization. Shortly after exports of wastepaper to China soared, while overall U.S. exports of paper and other paper products plummeted. China now produces more paper products than any other country in the world. Wastepaper is now one of America's single largest exports and its price has gone through the roof.

Chinese companies can afford to pay more than anyone else for wastepaper, partly because they're subsidized by their government and partly because of China's low labor

costs, the result of weak labor, safety and environmental standards. Although the Blue Heron mill had a backlog of orders for its products, like so many other mills up and down the West Coast, it simply could not compete.

Oregon Fair Trade Campaign recently released new analysis of U.S. Labor Department data showing that Oregon lost the fourth most jobs to trade out of any state in the country in 2012 when measured by population. Last year, the Labor Department certified 1,911 Oregon jobs lost to offshoring *or* displacements by imports, bringing the total number of trade-displaced jobs in Oregon up to 55,085 since the North American Free Trade Agreement took effect in 1994.

At the moment one of the biggest risks to Oregon jobs, is the Trans-Pacific Partnership. This is a free trade agreement currently being negotiated between the United States and ten other countries in the Pacific Rim. Like NAFTA it would force even more Oregon employers to compete with sweatshop working conditions abroad. The Trans-Pacific Partnership is expected to do nothing to address job loss caused by government-subsidized products into the U.S. market. And if approved, it would undoubtedly lead to accelerated job loss across the state.

Conclusion

We must move away from NAFTA style Free Trade Agreements that cost Oregon thousands of family-wage jobs, and start to create new standards that protect Oregon workers from job displacement from unfair subsided imports. The investigations outlined in Senate Joint Memorial 5 bring us closer to that goal.

We hope that you'll support Senate Joint Memorial 5, and would be happy to answer any question you may have about this testimony. Please do not hesitate to contact us at (503) 736-9777 or elizabeth@oregonfairtrade.org

Thank you very much for your consideration.