

Enrolled

Senate Joint Memorial 5

Sponsored by Senators SHIELDS, BOQUIST, Representatives KENNEMER, WITT; Senators BEYER, DEVLIN, JOHNSON, OLSEN, Representatives BARTON, BERGER, DEMBROW, ESQUIVEL, HOYLE, REARDON, THATCHER (at the request of the Association of Western Pulp and Paper Workers and the Carpenters Industrial Council)

To the Honorable Rebecca Blank, Acting Secretary of Commerce, and the Honorable Ron Kirk, United States Trade Representative:

We, your memorialists, the Seventy-seventh Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

Whereas the United States is home to more than 420 pulp and paper mills that together employ an estimated 445,000 American workers; and

Whereas in recent years, pulp and paper mills based in the United States, and the well-paying jobs the mills support, have been put at risk; and

Whereas in recent years, an estimated 105,000 jobs have disappeared from the paper and paper products industry, according to the Pulp and Paper Research Council, leaving families and communities devastated; and

Whereas in 2011 alone, the oldest recycled paper mill in the United States closed in Oregon City, Oregon, and the SP Newsprint mill in Newberg, Oregon, declared bankruptcy; and

Whereas the United States International Trade Commission has recognized, in imposing duties on a number of specific Chinese products, that large subsidies from provincial and local governments in China are putting United States manufacturers at a significant and unfair competitive disadvantage; and

Whereas the United States is a natural fit for the paper industry, with more forest cover per capita in the United States than in China and with cutting-edge industrial technology; and

Whereas labor costs in the industry in the United States amount to not more than eight percent of the costs of production, leaving China little ability to compete on the reduced cost of labor; and

Whereas according to Economic Policy Institute estimates, the Chinese government has made the government's intentions to subsidize the paper industry explicit in the 11th Five-Year Plan and elsewhere, and has followed through with direct subsidies to the paper industry between the years 2002 and 2009 amounting to \$33.1 billion, with related subsidies to electrical production and to coal; and

Whereas estimates of subsidies to Chinese recycled paper producers for recovered paper amounted to \$1.7 billion between 2004 and 2008; and

Whereas additional and more opaque subsidies can also include low-cost preferential loans from the state-owned banking system; and

Whereas the results of these subsidies have included a surge of paper-product exports from China, with exports to the United States rising at an annualized growth rate in February 2010 of 22 percent and a rise in the cost of recovered paper, which is the recycled paper pulp used in finished recycled paper production; and

Whereas the subsidies that foster this growth in exports and rise in prices likely violate the international trade laws and the World Trade Organization agreements to which China is a party; now, therefore,

Be It Resolved by the Legislative Assembly of the State of Oregon:

That we, the members of the Seventy-seventh Legislative Assembly, respectfully request that the Acting Secretary of Commerce and the United States Trade Representative immediately open a broad-based investigation of:

(1) The subsidies that China provides to Chinese pulp and paper manufacturers;

(2) The degree to which the subsidies that China provides violate World Trade Organization agreements to which China is a party and other trade agreements; and

(3) How the subsidies affect United States pulp and paper manufacturers; and be it further

Resolved, That the Acting Secretary of Commerce and the United States Trade Representative are respectfully urged to take swift action to counter unfair Chinese subsidies in order to provide a level playing field for American pulp and paper manufacturers; and be it further

Resolved, That a copy of this memorial shall be sent to the Acting Secretary of Commerce, to the United States Trade Representative and to each member of the Oregon Congressional Delegation.

Adopted by Senate March 18, 2013

Robert Taylor, Secretary of Senate

Peter Courtney, President of Senate

Adopted by House May 16, 2013

Tina Kotek, Speaker of House