

United States Senate

WASHINGTON, DC 20510

March 29, 2018

The President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

On January 25, 2018 I wrote to you about our record high trade deficit with China and my concerns with a recently implemented Chinese trade policy that had abruptly cut off imports of recycled paper from the United States to China. This discriminatory action has driven up the price of pulp, which has contributed to the closing of several paper mills in Wisconsin. This week, multiple outlets reported that Treasury Secretary Mnuchin and Ambassador Lighthizer are negotiating with China's Vice-Premier, Liu He, to reduce the trade deficit between the United States and China. I write to encourage you to use this opportunity to address China's recycled paper policy in order to reduce our trade deficit with China and provide a level playing field for Wisconsin paper manufacturers.

In July 2017, the Chinese government announced that it would limit or ban imports of certain recoverable wastes, such as paper, into China. Recovered paper is a substitute for pulp used as an input for paper manufacturing. The policy went into effect January 1, 2018. Importantly, the Chinese policy only applies to imports. The same restrictions do not apply to paper that is recovered for use within China.

I am pleased that U.S. representatives recently raised the recycled paper issue at the World Trade Organization. However, the renewed focus on the trade relationship between our two countries—and the recent high-level trade deficit dialogue that has resulted from it—presents a unique opportunity. Secretary Mnuchin and Ambassador Lighthizer must seize this opportunity by addressing the recycled paper issue in their negotiations with Premier Liu to correct a trade imbalance that has hurt Wisconsin workers.

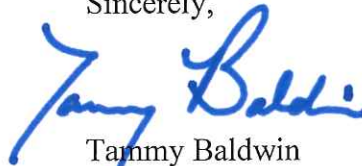
The United States exported \$470 million in recovered wastes or recovered materials to China in 2016. With China's new trade restriction eliminating this significant supply of recovered paper to Chinese paper manufacturers, Chinese firms have resorted to buying more pulp to meet demand. This trade distortion has driven up the price of pulp by 20 – 30 percent globally just since the policy was announced. This price spike has forced several Wisconsin mills to idle or close.

In my conversations with paper producers in Wisconsin, I have heard time and again the complaints about China meddling in the paper market. The Chinese government intervenes in almost every element of the paper market from cheap government backed financing, import controls, equipment purchases, and subsidized energy.

This sort of trade cheating is why I have fought to provide Wisconsin paper manufacturers and their workers a level playing field on which to compete. I have testified at the International Trade Commission on behalf of Wisconsin paper workers and worked to ensure that China will not be treated as a 'market economy' in antidumping investigations. These are positive steps, but they are dwarfed by the manipulation and involvement of the Chinese government in this market.

Wisconsin stands to lose more jobs in its paper industry if you do not act. We need bold steps to level the playing field for Wisconsin workers and I again urge you to address this latest Chinese trade cheating action as swiftly as possible. I look forward to working together to get the job done for Wisconsin workers.

Sincerely,

A handwritten signature in blue ink, reading "Tammy Baldwin". The signature is fluid and cursive, with the first name "Tammy" and last name "Baldwin" clearly distinguishable.

Tammy Baldwin
United States Senator

CC: The Honorable Robert E. Lighthizer, United States Trade Representative
CC: The Honorable Steven Mnuchin, Secretary of the Treasury