

United States Senate

WASHINGTON, DC 20510

January 25, 2018

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

Dear Mr. President:

Shrinking and eliminating our job-killing trade deficit with China is a priority that your Administration and I share. Yet, one year into your Administration, the U.S. trade deficit with China is at a record high. Getting our trade with China into balance is a matter of grave importance to Wisconsin and its 106,000 employees in the paper industry. Wisconsin workers in the paper industry have been hit hard in recent months as paper mills have announced layoffs and closures. The industry is working hard to overcome challenges but it faces a new threat caused by China's latest escalation in trade cheating. China has abruptly cut off imports of recycled paper, a discriminatory trade policy that has driven up the price of pulp—a key input for paper manufacturing. You have long promised tough action on China. I write to encourage you to address China's latest unfair trade practice swiftly, in order to provide a level playing field for Wisconsin paper manufacturers and ensure that no more workers lose their jobs.

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.

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 that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin
United States Senator

CC: Ambassador Robert E. Lighthizer, United States Trade Representative