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BUSINESS

The Next Trade Fight: Office Paper

Four Companies and Union Allege Dumping by China, Indonesia, Brazil, Portugal and Australia



Four U.S. paper manufacturers allege that five countries are dumping uncoated paper on the U.S. market, including the kind used for computer printers. *MICHAEL RUBENSTIEN FOR THE WALL STREET JOURNAL*

By **JAMES R. HAGERTY**

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Four paper manufacturers and the United Steelworkers union are asking the U.S. government to impose duties on imports of office paper that they say are priced unfairly low.

Their claim, due to be filed with the U.S. Commerce Department on Wednesday, alleges that rivals in China, Indonesia, Brazil, Portugal and Australia are dumping certain types of uncoated paper on the U.S. market, including that used for such things as computer printers, book publishing, junk mail and envelopes.

Dumping involves selling at prices deemed less than “fair value,” which can mean below the price in the exporter’s home country or less than the cost of production plus a reasonable profit.

The companies also say producers in China and Indonesia are benefiting from government subsidies that allow them to reduce prices.

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market for the type of uncoated paper involved in the complaint is estimated at \$4.5 billion a year, according to Domtar Corp. , one of the companies calling for duties. In the first nine months of last year, imports of such paper from the five countries named were up 40% from a year earlier, even though U.S. demand for it is declining, the companies say.

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Imports of such paper accounted for more than 16% of the U.S. market in last year’s first 11 months, said Chip Dillon, a partner at Vertical Research Partners in New York, up from 12.7% a year earlier. As U.S. paper makers have retired old plants, he said, importers have rushed in.

The Commerce Department and the U.S. International Trade Commission will have up to about 14 months to determine whether trade laws have been violated, U.S. producers have been harmed and duties should be levied on the imports.

Over the past 15 years, U.S. paper makers have persuaded the government to put duties on a variety of products from China and other countries, including tissue paper and some coated paper.

The Commerce Department generally has taken a tougher stance against Chinese exporters in dumping disputes in recent years, said William Perry, a partner at law firm Dorsey & Whitney in Seattle. Mr. Perry, who often represents importers in trade cases, said the trend is worsening trade tensions with China, provoking more retaliation. “We’re throwing a rock; they’re throwing a rock back,” he said.

In addition to Domtar, the companies filing the latest complaint are Packaging Corp. of America, Lake Forest, Ill.; Finch Paper LLC, Glens Falls, N.Y., and P.H. Glatfelter Co. , York, Pa.

International Paper Co. , Memphis, Tenn., declined to participate, a spokesman said. He said the company manufactures in 10 countries and relies on the flexibility of a global network.

The steelworkers union, which represents about 130,000 paper, pulp and forestry workers in the U.S. and Canada, said eight U.S. paper mills that made uncoated paper have closed or curtailed operations since 2011, eliminating thousands of jobs. Domtar, a Montreal-based company that makes paper in the U.S. and Canada, plans to convert a paper production line in Ashdown, Ark., from uncoated paper to fluff pulp, used in diapers.

“These jobs are too valuable to let go to people who aren’t following the same set of rules we are,” said Jon Geenen, the union’s international vice president.

The U.S. market for uncoated paper has been shrinking 3% to 4% annually in recent years as more documents are handled electronically and companies shave costs, said Mike Garcia, president of Domtar’s pulp-and-paper division. He said the market appeared likely to continue contracting gradually in the next few years but should eventually level off.

U.S. imports of uncoated paper in rolls or sheets, a broader category than covered by the trade petition, totaled \$2.71 billion in last year's first 11 months, while exports came to \$1.05 billion, according to Global Trade Information Services.

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