

Congress of the United States
Washington, DC 20510

July 17, 2018

The Honorable David S. Johanson
Chairman
United States International Trade Commission
500 E Street SW
Washington, DC 20436

Dear Chairman Johanson,

On July 17, 2018, the United States International Trade Commission (USITC) will hold a hearing on antidumping and countervailing duty investigations into uncoated groundwood paper from Canada (Investigation Numbers 701-TA-584 and 731-TA-1382). Given the groundless nature of the claims that underlie this case and the significant potential for injury to South Dakota businesses resulting from the increased newsprint prices, we write today to urge the USITC to issue a negative determination and reject the preliminary duties on uncoated groundwood paper.

As noted in a July 5, 2018, pre-hearing brief to the USITC from the News Media Alliance, the North Pacific Paper Company (NORPAC), whose claims initiated the investigations, is the only U.S. producer of uncoated groundwood paper seeking duties on Canadian imports of such paper. Although duties on newsprint arguably would benefit all U.S. manufacturers of the paper – not just NORPAC – virtually the entire U.S. paper industry has aligned against NORPAC's efforts. The News Media Alliance's brief and its supporting documentation thoroughly describes why NORPAC's original claims are baseless; we are chiefly concerned with the economic effects that we are already seeing in South Dakota.

The preliminary duties have been bad enough, and additional final duties have the potential to devastate rural newspapers in South Dakota. In rural areas lacking reliable internet access, newspapers remain a trusted source of information for our constituents. Because of this, rural businesses rely more heavily on printed news than in other places for advertising. Should newsprint prices continue to increase, rural newspapers will be forced to charge advertisers more and/or pass the increased costs onto their readers. According to our constituents in the news industry, the practical ceiling for such price hikes has already been reached – and in some cases, exceeded. Potential closures not only would cost precious jobs in South Dakota's rural communities, but also would leave our constituents without access to a principal source of information. In short, our local communities and industry have become the victim of the trade remedies that are intended to protect them.

Secretary of Commerce Wilbur Ross has asserted that newsprint duties will cost a small daily newspaper one cent per copy, per day and the Wall Street Journal a little over two cents per copy, per day. Yet the Black Hills Pioneer, located in Spearfish, South Dakota, is facing a newsprint cost increase of 20 percent, or \$85,000 annually, meaning an additional cost of three cents per day. The newspaper estimates it will cut five jobs, which would be more than 10 percent of the company's current workforce, and reduce distribution by one day each week.

Similarly, the Grant County Review, a 3,250-reader weekly newspaper in Milbank, South Dakota, has already seen a 15-percent increase in printing costs this year due to the preliminary duties, with another double-digit increase expected this summer. In response, the newspaper has had to reduce page counts and would have to cut further if printing costs continue to rise. Fewer pages translates into less space to report news, print photographs, and report on community developments. But it also reduces space for advertising, which not only cuts into revenues, but also complicates the newspapers' ability to maintain its advertising percentage each week that affects its postal rates.

In addition, the increased newsprint costs are forcing the Grant County Review to consider raising subscription rates, which will adversely affect its significant number of senior-citizen subscribers. For these local elderly residents on fixed incomes, increased subscription rates will force some to drop their subscriptions, thereby reducing their access to national news and local developments, which is particularly problematic for our constituencies with a limited ability to access news via the internet.

We share the view of the News Media Alliance that the harmful effects that the preliminary duties have on the newspaper industry will have equivalent adverse effects on the producers of uncoated groundwood paper in this country. Their livelihood necessarily depends on the continued operation and health of their customers, which include small local newspapers across the country like the Black Hills Pioneer and Grant County Review described above.

While we support legislation to address the duties on Canadian uncoated groundwood paper, if necessary, we look to the USITC in the first instance to protect rural economies in South Dakota and around the country and issue a negative determination, thereby rejecting these duties as unwarranted and damaging to the nation's newspaper industry.

Sincerely,



KRISTI NOEM
Member of Congress



JOHN THUNE
United States Senator



M. MICHAEL ROUNDS
United States Senator