

# United States Senate

WASHINGTON, DC 20510

December 21, 2012

The Honorable Ron Kirk  
United States Trade Representative  
Executive Office of the President  
600 17<sup>th</sup> Street, NW  
Washington, DC 20508

Dear Ambassador Kirk,

We are writing to express our serious concern regarding reports of significant and direct subsidies being provided by the provincial government of Nova Scotia to one specific facility, the Port Hawkesbury Paper (PHP) mill in Nova Scotia, Canada. This mill was closed last year as part of the bankruptcy proceedings of its previous owner. However, it recently reopened due to what some reports estimate to be more than \$200 million in subsidies that were promised to the mill's buyer and new management.

We understand that information is still being collected on the nature of the subsidies, but press reports indicate that they include grants, loans, cash to purchase land, financial contributions to keep a supply chain intact, and reductions on utility rates and property taxes. Such specific subsidies would appear to represent violations of Canada's commitments under the Agreement on Subsidies and Countervailing Measures of the World Trade Organization (WTO) and U.S. countervailing duty law. We understand that your office raised this particular issue with Canada at the October 2012 WTO meeting in Geneva and that Canada is working to collect information in response your inquiry. We appreciate that you have taken this step and look forward to an update on the information Canada provides to you.

The supercalendered paper machine at the PHP is one of the largest in North America, with a capacity of 395,000 tons - equal to approximately 22 percent of the North American market. With the U.S. paper industry already struggling amid the movement toward electronic communications and media, a flood of illegally subsidized paper into the U.S. market would deal an irreversible deathblow to many U.S. mills and the American workers that produce the same or competing products. The U.S. industry is simply not in a financial position to weather a long drawn out battle over unfair Canadian trade practices, nor should they have to.

We need immediate assurances that Canada will withdraw these subsidies, and urge you in the strongest possible terms to use the tools at your disposal to quickly resolve this situation before lasting damage is done to the U.S. industry and the thousands of workers it employs. While a trade remedy action might bring eventual relief to the industry, the damage to U.S. mills will already have occurred.

Thank you for your attention to this very serious matter, and please keep us informed of your efforts to resolve this issue expeditiously.

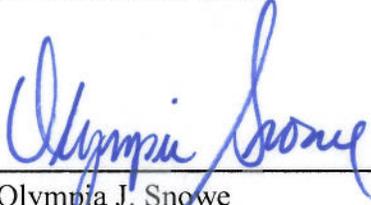
Sincerely,



Susan M. Collins  
United States Senator



Amy Klobuchar  
United States Senator



Olympia J. Snowe  
United States Senator



Carl Levin  
United States Senator



Al Franken  
United States Senator



Debbie Stabenow  
United States Senator



Barbara Mikulski  
United States Senator



Ben Cardin  
United States Senator



Sherrod Brown  
United States Senator



Rob Portman  
United States Senator