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OFFICE OF THE GOVERNOR
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AUGUSTA, MAINE
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Paul R. LePage
GOVERNOR

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C-122-854
Investigation
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Public Document

Mr. Jeffrey Zients
Assistant to the President for Economic Policy
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. Zients:

I am writing to express my serious concern about the unreasonable way in which the Department of Commerce is handling the countervailing duty investigation of supercalendered paper imported from Canada. There are just four Canadian producers of this product, and the governing law expressly requires that the Department conduct an individual investigation of the subsidies, if any, that each company has received. However, the Department has adamantly refused to investigate two of the four producers, which are Irving Paper and Catalyst Paper. Instead, it is investigating only Port Hawkesbury Paper and Resolute Forest Products.

Port Hawkesbury is the reported recipient of substantial subsidies provided by the Government of Nova Scotia that were specifically extended to assist that company in emerging from bankruptcy. As such, there is no possibility that either Irving Paper or Catalyst Paper could have received these subsidies, especially because both companies are located in provinces other than Nova Scotia. Nevertheless, the Department has stated it intends to impose subsidy margins on the imports by Irving Paper and Catalyst Paper that equal the margins imposed on Port Hawkesbury and Resolute FP.

This is extremely unfair, unreasonable and contrary to the remedial purpose of the countervailing duty law. If the Department does not have the resources it needs to individually investigate Irving Paper and Catalyst Paper, then it should calculate margins for those two companies that exclude any subsidies that were unavailable to them, such as the unique subsidies allegedly provided in connection with the emergence from bankruptcy of Port Hawkesbury. I do not believe the Department has even considered this fair and reasonable solution to the crisis that it is about to create. I am assured by legal experts the Department has the discretion under the law to perform the "all others" subsidy rate calculation in this manner. Any assistance that your office can provide in achieving this goal would be greatly appreciated.



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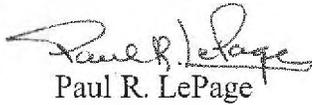
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While I appreciate the effort to create a more level playing field for companies here in the United States and Maine, the proposed process of handling this investigation will have a profound negative impact on the State of Maine. Both Irving Paper and Catalyst Paper have significant investments in our state, and together employ more than 1,200 Mainers and support thousands of indirect jobs. An unfair investigation will put not only these jobs at risk, but any future job creation. Maine and the United States can't afford to lose these jobs.

Sincerely,



Paul R. LePage
Governor

Cc: President Barack Obama
Secretary Penny Pritzker, U.S. Department of Commerce
Senator Susan M. Collins
Senator Angus S. King
Congressman Bruce L. Poliquin
Congresswoman Chellie M. Pingree