

Understanding Our Economy

Overvalued Dollar Threatens U.S. Paper Industry

(NAPSA)—The overvalued dollar is seriously affecting the U.S. forest products industry's global competitiveness, resulting in a loss of domestic marketshare, dramatically lowered exports, plant closings and job losses, say industry leaders.

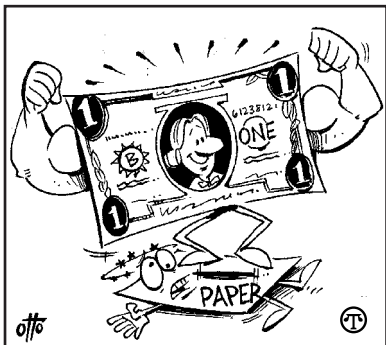
"The dollar is overvalued by 25 to 30 percent, a 16-year high," says W. Henson Moore, President and CEO of the American Forest & Paper Association (AF&PA). "This is our number one issue, without question. It imposes a de facto tariff of 25 to 30 percent on U.S. producers selling into foreign markets, and enables foreign suppliers to outsell us in the domestic market."

He cites figures showing that from 1997 to 2000, U.S. consumption of paper and paperboard products grew by 3.5 million tons, but imports captured more than 90 percent of that growth. Moreover, the U.S. trade deficit in paper and paperboard products ballooned from \$273 million in 1997 to \$3.8 billion in 2001, he says.

Moore explains that his industry has not suffered alone. Since the middle of 2000, about 1.2 million jobs have been lost in manufacturing, and the National Association of Manufacturers (NAM) estimates that more than a third of these—500,000 jobs—were due to the drop in exports.

"The question we need to ask is, 'Does manufacturing in the U.S. have a future?'," says Boyd Young, President of the Paper, Allied-Industrial, Chemical and Energy (PACE) Workers International Union. "If the answer is 'no', it will have a devastating impact on every aspect of our economy."

In the last five years, U.S.



Surprisingly, the strong U.S. dollar is actually hurting many industries, including paper.

paper companies have closed 72 mills and lost more than 32,000 jobs. "Unless exchange rates are brought into line soon, and equilibrium is restored, the U.S. paper industry will not have the capacity to challenge our competitors and retake these lost markets," concludes Young.

AF&PA and PACE have been catalysts in forming a coalition that includes labor, agriculture and other manufacturing sectors to work on this issue.

Moore is calling on administration officials to adopt a public stance that the United States will not support an ever-higher value of the dollar beyond a sound level that is consistent with the economy's underlying competitiveness. He asks that the government work with our trading partners at the G-8 meetings in June to address trade and currency imbalances, as it did with the Plaza Accord of 1985, the last time the U.S. dollar was this misaligned.

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