PUBLIC DOCUMENT



April 1, 2025

WRITTEN SUBMISSION

The Honorable Howard W. Lutnick Secretary of Commerce U.S. Department of Commerce 1401 Constitution Ave NW Washington, DC 20230

RE: Section 232 National Security Investigation of Imports of Timber and Lumber BIS-2025-0011/X-RIN 0694-XC117

Dear Secretary Lutnick:

The News/Media Alliance, PRINTING United Alliance, and America's Newspapers are pleased to provide the comments below on behalf of our members in the printing and news publishing industries in response to the Bureau of Industry and Security (BIS) Federal Register *Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Timber and Lumber* (90 Fed. Reg. 11941)¹.

About News/Media Alliance

The News/Media Alliance is a nonprofit organization representing over 2,200 publishers in the United States, ranging from the largest news and magazine publishers to hyperlocal newspapers, and from digital-only outlets to papers who have printed news since the nation's founding. Covering all subject matter and political viewpoints, the Alliance's membership accounts for

¹ <u>Federal Register :: Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Timber and Lumber</u>

nearly 90 percent of the daily newspaper circulation in the United States, over 500 individual magazine brands, and dozens of digital-only properties.

About PRINTING United Alliance

PRINTING United Alliance is the most comprehensive member-based printing and graphic arts trade association in North America, representing over 3,000 members of the industry's vast communities. Our members are professionals in the following market segments: commercial and publishing, functional/industrial, graphic installation, apparel decoration, graphics/wide-format, in-plant, labels and packaging, mailing, shipping and fulfillment, and promotional printing. The Alliance produces the annual PRINTING United Expo which features a wide range of printing technologies and applications, with a focus on innovation and industry trends.

About America's Newspapers

America's Newspapers is an unapologetic and relentless champion for newspapers and a voice for the newspaper industry. We are unified in our mission, firm in our values and committed in our vision to champion newspapers and all they bring to the communities they serve. America's Newspapers provides research, education and practical information all aimed at optimizing newspapers' business operations, deepening their community engagement and enhancing the quality of their journalism.

Background

On March 1, 2025, President Donald J. Trump issued Executive Order 14223, *Addressing the Threat to National Security from Imports of Timber, Lumber* (90 FR 11359), instructing the Secretary of Commerce (Secretary) to initiate an investigation under section 232 of the Trade Expansion Act (19 U.S.C. 1862) to determine the effects on national security of imports of wood products: timber, lumber, and their derivative products (paper based products). On March 10, 2025, the Secretary initiated the 232 investigation.

Comments

We support strong trade enforcement to protect U.S. industries and jobs and commend the Administration for its leadership supporting American manufacturing and industry. Our members; however, have serious concerns that tariffs could end up harming production by American businesses, particularly by including newsprint and paper used by U.S. newspapers, magazines, book publishers and printers, put jobs at risk, increase costs, and harm small businesses. It is our firm belief that imports of derivative products of timber and lumber do not constitute a threat to national security. Instead, the forestry, printing, packaging, and publishing industries have well-established cross-border supply chains that allow us to successfully compete in a global marketplace.

A thriving local news ecosystem – and the resulting benefits – can bolster our national security by ensuring that our communities get news from American sources that are closely associated

with the communities they serve. Our members cover national security issues such as the rampant importation of fentanyl coming over the border, particularly from Mexico, and bring attention to national disasters and tragedies, including the assassination attempt of President Trump in Butler County, Pennsylvania as reported by many newspapers including Trib Total Media.²

Newspapers provide essential coverage of local governments and community news and events, and in many communities, the local papers are the only source of community news. However, in the last two decades, the United States has witnessed a dramatic spread of news deserts, with more than 33 percent of newspapers having closed during this time and 7,000 newspaper jobs lost just in 2023.³ Today, 206 counties do not have any local news sources, while over 1,500 counties have only one.⁴ The spread of these local news deserts disproportionately affects areas that voted for President Trump in 2024, leading these communities to suffer from higher rates of corruption, higher taxes, lower bond ratings, and a lack of information of local events.⁵ Many seniors and those in rural areas depend upon their print newspaper, and we need a free and independent press.

Local newspapers also serve as the economic barometer of their community. They not only create jobs, but support local chambers of commerce, economic development councils, local higher educational institutions and community event sponsorships. All of these would be impacted by higher costs limiting their ability to maintain that level of support causing further erosion of the local economy.

The business reality is that many U.S. publishers must rely upon Canadian paper as a crucial supply component for print newspapers. With newsprint being the second largest expense for small newspapers after human resource costs, any tariffs on Canadian imports of paper will have a devastating impact. The 2018 tariffs on Canadian imports of uncoated groundwood paper, which were ultimately reversed, seriously disrupted the newsprint market, increasing newsprint costs by over 30 percent and forced many newspapers to reduce their print distribution and cut staff in communities across our country, resulting in considerable job losses in the United States. The resulting loss of local journalism, meanwhile, can result in decreased demand for other American products and services that support local news publishing, causing a cascading effect with no winners. A loss of local papers can lead to the decline of local businesses who rely on community papers to reach local customers, small advertising agencies, freelance photographers and designers, subscription sale call centers and more. Meanwhile, tariffs would exempt

² <u>Trump survives assassination attempt in Butler; 2 dead, including suspected shooter from Bethel Park |</u> TribLIVE.com.

³ https://localnewsinitiative.northwestern.edu/assets/slnp/the_state_of_local_news_2024.pdf

⁴ https://localnewsinitiative.northwestern.edu/assets/slnp/the_state_of_local_news_2024.pdf

⁵ https://localnewsinitiative.northwestern.edu/assets/slnp/the_state_of_local_news_2024.pdf, pg. 18.

publications printed in Canada, distorting the market for informational materials by increasing material supply costs for American producers without imposing a similar levy on Canadian publications. The result could encourage Americans to turn to printed news sources that are less able to reflect their local community perspectives.

American publishers do not rely on Canadian newsprint for no reason. Operational realities necessitate that the market for newsprint has always been regional, with the consumers of newsprint generally buying newsprint in their region, close to their printing operations. Consequently, the printers who typically use Canadian newsprint are those in the Midwest and the North-East, where there are currently no U.S. mills operating due to their closure or conversion to producing other, more profitable products over decades. Companies that are based in certain areas of the country will also face massive transportation charges, as well as longer lead times as there is not enough railcar and container capacity. There are currently only three U.S. mills that produce newsprint, two in Washington State and one in Mississippi and even if all media companies switched to using U.S. companies, there is not enough capacity to produce the supply needed. Furthermore, due to the capital-intensive nature of paper making and a decline in paper use, no new U.S. investment in paper production will be forthcoming.

Canada is the largest manufacturer of paper in the world and has been a tried-and-true supplier for our industry. Canada's share of North American newsprint capacity was 85 percent in 2024, with Canadian mills supplying 77 percent of the U.S. market's total demand.⁶ U.S. companies do not even supply certain types of newsprint, specialty and magazine paper, such as supercalendared paper (SC paper), and they have already announced increased prices over 15 percent, while others are charging additional 25 percent surcharges. Tariffs will only exacerbate these problems and cause concerning supply and demand issues.

In 2024, the U.S. imported \$6.86 billion worth of paper and paperboard from Canada.⁷ Also in 2024, total two-way trade for pulp and paper products with Mexico was worth over \$5 billion.⁸ We rely on Canada and Mexico as key trading partners, and tariffs on paper goods would have major consequences on American businesses with extensive trade relationships in the two countries.

Most print service providers, as well as news publishers, meet the U.S. Small Business Administration's (SBA) definition of a small business. Tariffs will disproportionately impact small businesses, forcing many to raise prices, reduce investments, or shut down. A recent PRINTING United Alliance survey found that 90 percent of industry participants anticipate significant financial strain due to increased tariffs, with two-thirds expecting a direct rise in operating costs.

⁶ Fastmarkets' Mill Asset Database

⁷ United Nations COMTRADE database on international trade.

⁸ American Forest & Paper Association.

We also learned that 93.2 percent plan to raise prices in response to the tariffs. Historically, we know the higher costs will be passed onto U.S. firms and consumers since print service providers will likely have less ability to absorb the tariffs in the form of lower profit margins. In addition to operating on thin margins, tariffs would further strain their resources, hindering job growth and investment.

We respectfully request the Administration carefully consider the negative impacts that tariffs of timber, lumber and their derivatives would have on U.S. newspaper, magazine, and printing companies. The tariffs would hurt the national security objectives outlined in Section 705.4 (15 CFR 705.4) of the Trade Expansion Act of 1962.

In conclusion, any tariffs imposed under Section 232 for timber, lumber and derivatives have the potential to devastate entire industry segments, increase costs for businesses and their customers, jeopardize jobs, limit supply, and threaten the viability of many American small businesses. We urge the Commerce Department to forego any implementation of tariffs on critical paper and paper-based products, including newsprint and magazine paper. To do otherwise harms our democracy.

Thank you for your time and consideration.

Sincerely,

Ford Bowers

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PRINTING United Alliance

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Katherine Reid, Director, Office of Strategic Industries and Economic Security, Bureau of cc: Industry and Security, U.S. Department of Commerce

⁹ Paparozzi, A., Printing Impressions, <u>Https://www.piworld.com/article/The-effects-of-tariffs-on-the-printing-</u> Industry-Results-of-a-printing-United-Alliance-Survey/, March 26, 2025.