

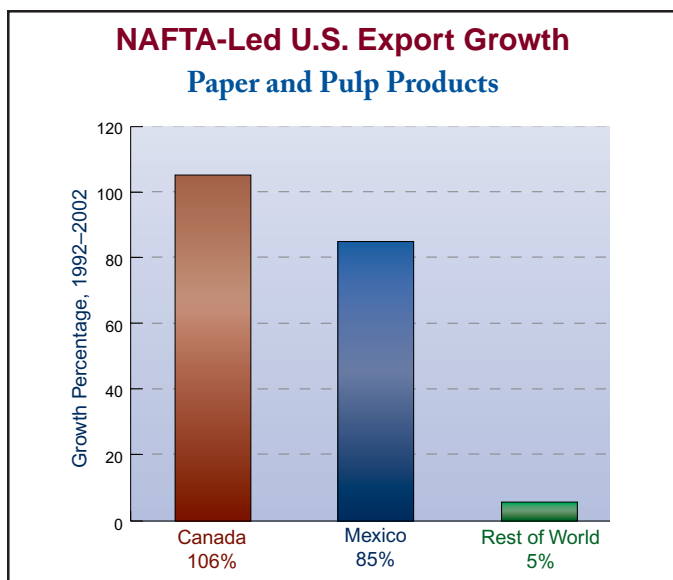


NAFTA 10 YEARS LATER

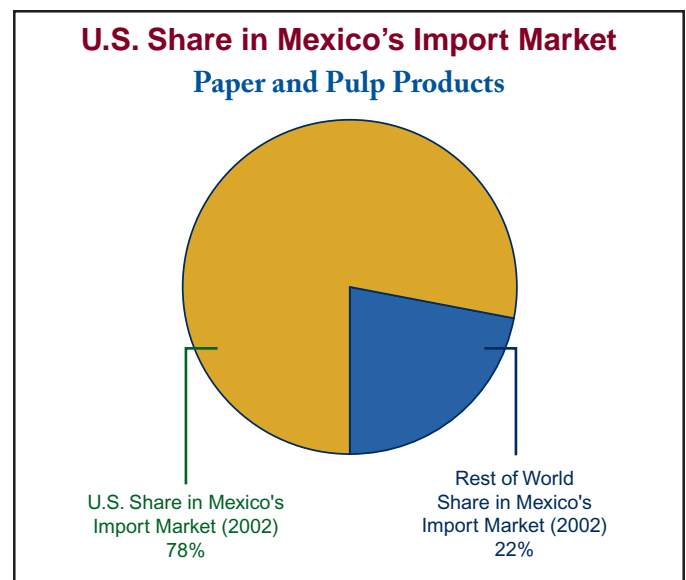
PAPER AND PULP PRODUCTS

Export Highlights

U.S. firms exported a total of \$13.8 billion in paper and pulp products in 2002, including \$4 billion to Canada and \$2.4 billion to Mexico. Together, our NAFTA partners account for 46% of total U.S. exports of paper and pulp.



From 1992 to 2002, U.S. paper and pulp firms increased exports to Canada by 106% and increased exports to Mexico by 85%.



In 2002, U.S. firms captured 78% of Mexico's paper and pulp import market and 84% of Canada's paper and pulp import market.

Industry Facts

- U.S. paper and pulp production has grown to \$151.5 billion in 2002, a 14% increase since 1992. Approximately 15% of U.S. paper and pulp production is exported, and more than half of those exports go to our NAFTA partners.
- The United States imported \$17 billion in paper and pulp products from the world in 2002, an increase of 67% from 1992. U.S. paper and pulp imports from NAFTA partners have increased at a lower rate of 49% over the same period. About 69% of U.S. paper and pulp imports, amounting to \$11.8 billion in 2002, come from NAFTA partners, mainly due to geographical factors.



Trade Barrier Elimination

NAFTA has eliminated most tariffs on U.S. paper and pulp exports to NAFTA partners. Before NAFTA, the average tariff rates on paper and paperboard products were as high as 50%. Now U.S. paper and pulp exporters face rates that are close to zero, while competitors pay tariffs up to 28%. For example, U.S. wallpaper exports to Mexico enter duty free while Chinese exports are subject to an 18% tariff.

Employment Opportunities

The paper and pulp industry employs 531,000 U.S. workers. Wages in this sector increased 36% between 1992 and 2003.

Key Exporting States

California, Georgia, Illinois, Maine, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, Tennessee, Texas, Washington, Wisconsin

Success Stories

- ▶ **Westvaco of Covington, Virginia, has seen its revenues increase more than 1,000% since NAFTA's passage**, in part due to exports to NAFTA partners. Canada and Mexico are now the first and third leading export destinations for this paper, cardboard, and chemical manufacturer.
- ▶ Maine has benefited from NAFTA's tariff liberalization. **Maine's exports to NAFTA partners have more than doubled since the trade agreement was implemented in 1994**, representing state export growth of 115% to Canada and 84% to Mexico.

The Sector

The paper and pulp industry includes paper and paperboard, paper pulp products, wood pulp, containerboard, and scrap and recycled paper.