TRADE

Domtar Public Affairs
2022

Domtar

WHAT'S THE ISSUE?

Domtar manufactures pulp and paper products at our mills in the United States and Canada that are consumed in North America and around the world. In addition to exporting finished product, we also import raw materials for some of our specialty grade papers that rely on inputs that are not available to be sourced in North America. For these reasons, free and fair trade policy is a key issue for Domtar.

Level Playing Field

Domtar has relied on enforcement mechanisms in our trade laws to help ensure that our products may compete fairly in the marketplace. We have prevailed in numerous trade cases for products ranging from communication papers to thermal paper that have helped stem the tide of products manufactured overseas that are illegally dumped into the U.S. market. Continued, rigorous enforcement of our trade laws is essential as overseas competitors find more elusive ways to circumnavigate legal protections currently in place for U.S. manufacturers.

Tariff Relief

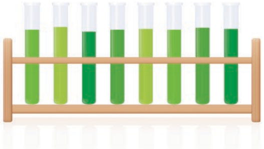
Like many other U.S. manufacturers, Domtar is dependent on inputs to our papermaking process that are unavailable from U.S. based suppliers. Because of this, we are forced to procure these materials-- generally chemicals and papermaking equipment-- from foreign suppliers. These transactions are currently subject to sizable tariffs because the exclusion process has lapsed.

OUR POSITION

Two important policies that need immediate attention from Congress and the Administration are reauthorization of the Miscellaneous Tariff Bill (MTB) and reestablishment of a meaningful exclusion process from tariffs imposed under Section 301 of the Trade Act of 1974.

The MTB temporarily reduces or suspends tariffs on goods that are not made domestically or are not available in sufficient quantities in the United States. The previous MTB expired after December 2020, and since then, manufacturers and other businesses have been paying significant anticompetitive tariffs.

Likewise, restarting a comprehensive product exclusion process from the tariffs imposed under Section 301 is critical. These tariffs on inputs essential to our manufacturing process place our products at a disadvantage compared to those made by our overseas competitors.



8 of the 9 types of chemicals required to make thermal paper, receipt, and point of sale paper are only available from suppliers in Asia.

The average import duty applied to these chemicals is over 30%.

The average cost of a single ocean freight containers is nearly $30,000 *(March 2022)*.