

# **An Analysis of Trade-Related Job Loss in Oregon's Forest Products Sector**

Oregon Fair Trade Campaign  
August 2008

## *Summary*

An analysis of U.S. Department of Labor data by the Oregon Fair Trade Campaign finds that Oregon has lost at least 10,521 jobs in the forest products sector since 1994 as a result of U.S. trade agreements. This includes jobs lost in the forestry, lumber, wood products, pulp and paper industries. Comparison of this figure with state employment data indicates that U.S. trade policies are responsible for the majority of forest products jobs lost in Oregon since the mid-1990s. Layoffs in the sector associated with U.S. trade agreements have occurred in at least 70 cities and towns throughout the state and have affected at least 111 companies.

## *Data Sources*

Data for this analysis comes from petitions certified by the U.S. Department of Labor as qualifying for Trade Adjustment Assistance (TAA). The TAA program is designed to assist individuals who have lost work as a result of increased imports from, or shifts in production to, countries with which the United States has a trade agreement.

The Labor Department has searchable listings of TAA petition determinations available on its website at: <http://www.doleta.gov/tradeact/determinations.cfm>. A standing Freedom of Information Act (FOIA) request by Public Citizen's "Global Trade Watch" adds the Labor Department's estimated number of effected workers to petitions in that database. This additional data is at: [http://www.citizen.org/trade/forms/taa\\_info.cfm](http://www.citizen.org/trade/forms/taa_info.cfm)

For this analysis, the Oregon Fair Trade Campaign (ORFTC) studied the number of displaced Oregon workers who successfully qualified for TAA benefits between 1994 and early 2008, who had worked in jobs represented by Standard Industrial Classification (SIC) system codes 08, 24, 25 and 26. This includes those in the forestry, lumber, wood products, pulp and paper industries.

The TAA program is an imperfect data source. First, only those displaced workers for whom petitions are filed are captured in this data. If no petition is filed, no data is captured—even if an individual would have qualified for the program. Second, many companies reduce their payrolls through attrition before finally resorting to layoffs. These job losses are not accounted for by most TAA statistics. Finally, many categories of employment are automatically disqualified from the TAA program. Thus many displaced workers cannot receive TAA benefits even if their jobs are directly offshored to a country with which the United States has a trade agreement. (The Labor Department

has, in fact, rejected more TAA petitions from Oregon than it has certified.) As such, the numbers of jobs lost due to trade represented by TAA data should be viewed as conservative estimates.

### *Findings*

According to ORFTC's analysis of Labor Department data, Oregon has lost at least 10,521 forest products jobs since 1994 as a result of U.S. trade agreements—an average of more than 700 per year. Layoffs occurred in at least 70 cities and towns throughout the state and affected at least 111 companies. So far, this trend has not tapered off with the passage of time. U.S. trade agreements cost Oregon's forest products sector 791 jobs in 2007, a number exceeding the annual average since 1994.

Trade-related job loss in the forest products sector has affected most of the state. The following counties have lost at least the following number of jobs in the sector as a result of U.S trade policies:

- Douglas lost at least 1230 jobs
- Klamath lost at least 1094 jobs
- Lane lost at least 1030 jobs
- Multnomah lost at least 789 jobs
- Deschutes lost at least 720 jobs
- Crook lost at least 663 jobs
- Linn lost at least 634 jobs
- Josephine lost at least 610 jobs
- Jackson lost at least 577 jobs
- Lake lost at least 307 jobs
- Polk lost at least 304 jobs
- Baker lost at least 286 jobs
- Wallowa lost at least 272 jobs
- Washington lost at least 256 jobs
- Marion lost at least 253 jobs
- Benton lost at least 245 jobs
- Hood River lost at least 212 jobs
- Clackamas lost at least 183 jobs
- Coos lost at least 149 jobs
- Harney lost at least 137 jobs
- Morrow lost at least 137 jobs
- Grant lost at least 103 jobs
- Union lost at least 73 jobs
- Jefferson lost at least 72 jobs
- Curry lost at least 70 jobs
- Umatilla lost at least 58 jobs
- Wasco lost at least 42 jobs
- Lincoln lost at least 15 jobs

A comparison of these figures with other data reveals the strong significance of trade-related job loss in Oregon's forest products sector. According to the Oregon Employment Department, "Industry employment information from the Current Employment Statistics (CES) program provides one of the best measures of state and local economic trends." Its annual employment history data shows a decrease of 1,600 jobs in "Logging," 2,000 jobs in "Paper Manufacturing" and 8,800 jobs in "Wood Product Manufacturing" between 1994 and 2007, suggesting a total estimated loss of 12,400 jobs in Oregon's forest products sector over that time period. This data is online at: <http://www.qualityinfo.org/olmisj/CES>

ORFTC's analysis of U.S. Labor Department data finds at least 10,348 Oregon forest products jobs lost due to U.S. trade policy between 1994 and 2007. While neither the

CES nor the Labor Department figure should be viewed as an exact measure of the number of forest products jobs lost in the state, their comparison clearly indicates that the majority of forest products jobs lost in Oregon since 1994 have been lost due to U.S. trade policy.

#### *How Trade Agreements Cause Job Loss in Oregon's Forest Products Sector*

Free trade pacts with Canada, Mexico, China, Peru and other nations remove tariffs on imported forest products. The North American Free Trade Agreement (NAFTA) is perhaps the most famous of these agreements. It took effect in 1994. Other free trade pacts have since been implemented.

The removal of tariffs forces Oregon businesses to compete with companies taking advantage of a number of unfair competitive advantages often found abroad. These unfair advantages can include:

- Sweatshop working conditions, including child labor and even slave labor
- Weak or nonexistent environmental protections, and lax enforcement of those standards that are in place
- Direct or indirect government subsidies that local businesses do not receive

These unfair advantages can greatly reduce foreign competitors' labor, energy, source material and regulatory compliance costs. Competition from the resulting artificially low-priced imports has forced many small and mid-sized Oregon businesses to reduce their workforces or close their operations entirely. ORFTC's analysis shows that competition from imports has been a major cause of forest products job loss in Oregon since the mid-1990s. Another major cause of job loss in this sector has occurred when transnational corporations that were operating in Oregon shifted production abroad so that they themselves could exploit the unfair labor, environmental and other advantages found there.

The loss of family-wage jobs in the forest products sector can create a ripple effect throughout entire communities, particularly in rural areas without as diverse an employment base. Companies that were involved in supporting the mills and factories that have closed obviously lose business, and the decrease of both consumer and tax dollars circulating the local economy can adversely affect a very wide range of retailers, restaurants, service providers and others.

#### *The Role of Environmental Regulations*

This analysis finds that, since 1994, U.S. trade policies have been and continue to be the primary cause of job loss in Oregon's forest products sector. Existing trade agreements undercut efforts to regulate domestic forest products industries and implement sustainable business practices by flooding the U.S. market with forest products produced in countries that do not meet even basic environmental standards.

Insofar as the ready availability of cheap forest product imports causes local businesses to seek short-term cost reductions, U.S. trade pacts can create a strong disincentive to invest in energy efficiency, pollution reduction and sustainable forestry practices.

*Trade Voting Records of Oregon’s Congressional Delegation*

	Wyden	Smith	Wu	Walden	Blumenauer	DeFazio	Hooley
China PNTR	☹	☹	☺	☹	☹	☺	☹
Fast Track	☹	☹	☺	☹	☺	☺	☺
Australia FTA	☹	☹	☹	☹	☹	☺	☹
Morocco FTA	☹	☹	☺	☹	☹	☺	☹
Singapore FTA	☺	☹	☺	☹	☹	☺	☹
Chile FTA	☺	☹	☹	☹	☹	☺	☺
CAFTA	☹	☹	☺	☹	☺	☺	☺
Oman FTA	☺	☹	☺	☹	☺	☺	☺
Peru FTA	☹	☹	☺	☹	☹	☺	☹
Fair Trade Record:	<b>33%</b>	<b>0%</b>	<b>78%</b>	<b>0%</b>	<b>33%</b>	<b>100%</b>	<b>44%</b>

The “☺” symbol indicates support for the fair trade position; the “☹” symbol indicates opposition to the fair trade position.

*Policy Recommendations*

On June 4, 2008, Senator Sherrod Brown (D-OH), Congressman Mike Michaud (D-ME) and over 50 other original cosponsors introduced the Trade Reform, Accountability, Development and Employment (TRADE) Act into Congress. This comprehensive new trade reform legislation establishes a process for reviewing and renegotiating existing trade agreements, and sets mandatory criteria for what must and must not be included in any future trade agreements.

The TRADE Act would benefit Oregonians employed in the forest products industry by:

- Enabling U.S. customs officials to block the importation of illegally-logged timber and products made from illegally-harvested wood
- Enacting strong and enforceable labor and environmental standards that would be applied to the production of any goods imported into the United States
- Including “anti-dumping” provisions that allow the U.S. to reestablish tariffs on imported products that receive subsidies from foreign governments

Taken together, these TRADE Act provisions would help to level the playing field for companies in the forest products industry that must obey local labor and environmental laws. These provisions may also help to lift living standards in developing countries, creating markets for Oregon-made goods.

The TRADE Act is endorsed by a wide range of labor, environmental, human rights and faith organizations. To date, it has over 60 Congressional cosponsors. Congressman Peter DeFazio (D-4<sup>th</sup>) is currently the only cosponsor from Oregon.

*About the Oregon Fair Trade Campaign*

The Oregon Fair Trade Campaign is a statewide coalition of more than twenty labor, environmental and human rights organizations advocating for trade policies that: prioritize quality jobs in communities across the state; create markets for Oregon products by raising living standards in neighboring countries; enforce consistent standards for labor and the environment across borders; and allow local producers to compete on a level playing field. For more information visit: [www.oregonfairtrade.org](http://www.oregonfairtrade.org)

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