



Leo W. Gerard
International President

April 17, 2009

VIA FAX

Senate Finance Committee
United States Senate
Washington, DC 20510

RE: Alternative Fuel Mixture Tax Credit

Dear Senator:

I am writing concerning the alternative fuel mixture tax credit that is providing badly needed relief to paper makers at one of the most critical junctures in the industry's history. It is not an overstatement to say that this credit, in a number of cases, is the most compelling factor in decisions related to the continuing operation of a number of pulp and paper mills that support some of the best manufacturing jobs left in America.

As our economy faces the worst economic crisis in modern history, this credit could not come at a more appropriate moment. The decline in demand for consumer goods in the domestic paper industry has led to an unprecedented decline in demand for paper and packaging. The U.S. paper industry has lost 250,000 workers since 2006, over nine percent of its workforce, and 25 mills were shuttered in the last two years alone. Without question, these jobs are the premier jobs in the community and their loss causes unparalleled economic disruption. Two of the industry's key players, SmurfitStone and AbitibiBowater are in bankruptcy, while others are cash starved and struggling to restructure debt to stave off bankruptcy. To be sure, many companies are depending on this tax credit to survive and keep mills running and our members working.

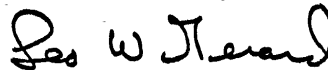
The credit also comes at a time when Congress is seeking to promote green jobs and responsible energy generation. The alternative fuel mixture tax credit allows the domestic paper industry to play a vital role in our nation's clean energy future. The U.S. paper industry produces almost 70 percent of its own power, most of it derived and generated from biomass, including the conversion of paper making residue to the fuel known as black liquor. Utilization of these fuels makes the paper industry the leader in usage of renewable energy with no close second. For nearly a generation, the paper industry has dramatically lessened its dependency on energy from the grid, which is often generated through non-renewable fossil fuels. Many parts of the paper industry while emitting green house gases (GHG) from burning bio and other fuels, are also the force behind sequestering carbon through sustainable forestry practices and the use of bio-fuels. In fact, if every energy producer followed this model and sequestered as much carbon as it released, the U.S. would serve as a global leader in reducing greenhouse gas emissions.

This is an important, valuable, productive, and we believe, long overdue credit, for an industry that has invested hundreds of millions in recovery boilers and other technologies that use renewable fuels derived from biomass, and in doing so lessens the burden on a power grid that is

notoriously inefficient and less eco-friendly than the renewable fuels that are being burned in certain paper mills. The credit is not at all an example of wasteful spending, but rather of recognizing the solution and incenting the right kind of behavior. The elimination of this credit at this time will result in the loss of more jobs in the paper industry, and remove the only stimulus that is sustaining a number of high paying, family supporting manufacturing jobs.

We have a chance to help this industry recover from this recession and keep paper workers working in the worst economy any of us have ever seen. We urge that before any changes are made to the Alternative Fuel Mixture Tax Credit that you provide me or representatives from the domestic paper industry with the opportunity to talk to you concerning this critical issue that affects their livelihoods and the security and future of their families.

Sincerely,

A handwritten signature in black ink that reads "Leo W. Gerard". The signature is written in a cursive style with a large, stylized "L" and "G".

Leo W. Gerard
International President

LWG/ctl