

# Pulp truth

Issue 22 • July 2009



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## Contracts that Reopen in July

If the re-opener date for your local contract is not listed here, please contact Pulp Truth editor Lynne Baker at [lbaker@usw.org](mailto:lbaker@usw.org) to have your contract listed. (The re-opener date is not the expiration date.)

Xpedex, Houston, TX, 7/2/09  
Allstate Paper, Newark, NJ, 7/2/09  
Capitol Box, North Bergen, NJ, 7/2/09  
FiberMark, Inc., Brattleboro, VT, 7/2/09  
Ahlstrom/Eaton-Kikeman, Mt. Holly Springs, PA, 7/2/09  
Graphic Packaging, West Monroe, LA, 7/2/09  
R & D Incorporated, Massillon, OH, 7/2/09  
Smurfit-Stone Cont., Florence, SC, 7/2/09  
Simpson Paper Co., Tacoma, WA, 7/2/09

Schoeller Technical, Pulaski, NY, 7/3/09  
Temple-Inland, San Antonio, TX, 7/3/09  
Newark Group, Mobile, AL, 7/4/09  
P.C.A., Akron, OH, 7/8/09  
Huhtamaki Company, Waterville, ME, 7/11/09  
Cascades Boxboard Group, Versailles, CT, 7/12/09  
Cascades Tissue Group, Pittston, PA, 7/13/09  
Interface Solutions, Beaver Falls, NY, 7/16/09  
Smurfit-Stone Cont., West Point, VA, 7/17/09  
Roosevelt Paper, Mt. Laurel, PA, 7/21/09  
Temple-Inland, Santa Fe Springs, CA, 7/21/09  
FiberMark, Inc., Tuckerton, PA, 7/29/09  
Tekni-Plex Inc., Flemington, NJ, 7/31/09

## Contracts that Reopened in June

Georgia-Pacific, Hawthorne, FL, 6/1/09  
Georgia-Pacific, Talladega, AL, 6/1/09  
P.C.A., Ackerman, MS, 6/1/09  
Pactiv Corporation, Plattsburgh, NY, 6/1/09  
Jackson Corrugated, Middletown, CT, 6/1/09  
Knowlton Specialty Paper, Watertown, NY, 6/1/09  
Tension Envelope Co., Ft. Worth, TX, 6/1/09  
Greif (Great Lakes Corr.), Toledo, OH, 6/1/09  
Smith Lustig Box Co., Cleveland, OH, 6/1/09  
Domtar-Eddy Specialty, Port Huron, MI, 6/1/09  
Smurfit-Stone Cont., Ontonagon, MI, 6/1/09  
Clearwater Paper, McGehee, AR, 6/1/09  
Erving Paper, Erving, MA, 6/2/09

Glatfelter Co., P.H., Chillicothe, OH, 6/2/09  
Ahlstrom, West Carrollton, OH, 6/2/09  
Temple-Inland, St. Anthony, IN, 6/2/09  
International Paper, Kalamazoo, MI, 6/2/09  
Temple-Inland, Monroeville, AL, 6/5/09  
International Paper (WH), Lynchburg, VA, 6/12/09  
Rock-Tenn, Eaton, IN, 6/12/09  
Graphic Packaging, Charlotte, NC, 6/13/09  
Sealed Air Corp, Paxinos, PA, 6/16/09  
International Paper, Augusta, GA, 6/16/09  
P.C.A., Winter Haven, FL, 6/17/09  
P.C.A., Plymouth, MI, 6/27/09

## Eleven USW Councils Set to Meet Through September

Beginning with a Rock-Tenn Council meeting July 21-22 in Iowa City, 11 paper council meetings are slated through September as of press time.

The Boise-Cascade Council is meeting Aug. 3 in Pittsburgh to discuss their company's attacks on the defined benefit pension plans.

Members of the SCA, Graphic Packaging, MeadWestvaco, NewPage, Sappi, Georgia-Pacific and International Paper councils will also be meeting Aug. 4 in Pittsburgh to discuss such topics as organizing and bargaining. There will be a presentation on the paper safety survey findings and development of a Joint Action Plan in each council meeting. Some councils will have presentations from their counterparts at UNITE, the USW's partner union in the UK.

On Wednesday, Aug. 5 the councils will convene together for

a joint session. President Gerard will deliver a state of the union speech. There will be presentations on the status of the general economy and paper industry in the U.S. and UK, paper industry legislative work and bargaining. Flambeau River will deliver a presentation on biofuel and green technology. All of the councils will report out on their Joint Action Plans.

USW paper workers share many common employers with UNITE's Graphical, Paper and Media Sector (GPM). On Thursday, Aug. 6 there will be a session between several members of both unions to increase collaboration between the USW Paper Sector and GPM.

In September, the Domtar Council will be holding a meeting Sept. 1-3 at USW's Nashville office building. Then on Sept. 15-17, the PCA Council will also meet at that location.

# Draft Legislation Proposes End To Black Liquor Tax Credit

The paper industry stands to lose \$2 billion if the black liquor tax credit is ended as soon as mid-August, reports *Pulp & Paper Week*. Senators Max Baucus, D-MT, and Charles Grassley, R-IA, released June 11 a staff draft of legislation that would remove from eligibility fuel obtained from the processing of paper or pulp.

Baucus acknowledged that the paper industry is struggling, but claimed that “taxpayers don’t want to see another billion-dollar bailout.” He said the “credit was not meant to provide a boon to companies from a process they’ve already been doing for several decades.”

Unlike a bailout, the tax credit for the paper industry is used to generate more renewable energy and provide an economic stimulus to keep and create more jobs in largely rural areas and small towns across America.

“This tax credit is encouraging paper companies to make greater use of biofuel, and in the case of one Maine producer, Old Town Fuel & Fiber in Old Town, it’s allowing this company to pursue a project to produce jet fuel in addition to pulp,” said USW President Leo Gerard. “In addition it is saving thousands of Steelworker and other jobs.”

## Increased Economic Activity

Evidence of how the black liquor tax credit is increasing economic activity and generating jobs is seen by Domtar’s restart of its northern bleached hardwood kraft mill in Baileyville, Maine. The mill, which shut down March 5, was restarted June 22 in part due to the tax credit. Maine Senator Olympia Snowe (R) played a role in the restart because she supports the tax credit as a member of the Senate Finance Committee. Three hundred workers got their jobs back.

“This credit is controversial because no one knew the massive size of the contribution the paper industry is making to increase the use of biofuels,” said USW Vice President Jon Geenen, who handles the union’s relationships with the paper industry.

“Repeal isn’t a solution. We believe the paper industry has

significant expertise that could be brought to bear to jump start development of the second generation of biofuels. We think the tax credit is playing a large role in helping this happen, and we think any new legislation should create targeted incentives to encourage this behavior, not only with chemical pulp mills, but all across the paper industry,” he said.

The tax credit for the paper industry could end in mid-August if the House and Senate pass it and President Obama signs the bill. A Wall Street analyst told *Pulp & Paper Week* it was unlikely Congress would pass such legislation on its own and that the repeal of the fuel credit would likely be attached to a larger piece of legislation.

The Obama administration has rewritten the alternative fuel provision to exclude the paper industry from the fiscal year 2010 budget proposal, which if approved by Congress would take effect Oct. 1.

Maine Representative Mike Michaud (D), who is a former paper worker and a member of our union, is working to not eliminate a tax break for the paper industry. In a statement from his office he said he would continue to push for passage of his bill to provide tax credits to manufacturers and mills that produce biomass power.

The USW filed comments on July 9 strongly opposing the Senate Finance Committee staff’s draft to repeal the eligibility of black liquor and all mill byproducts from the alternative fuel mixture tax credit. You can read these comments at [www.usw.org](http://www.usw.org). Individual paper workers and paper locals also sent in comments to Senators Baucus and Grassley by the July 10 deadline.

It is important that we nip this proposed legislation in the bud. Contact your Senators, President Obama and the members of the Senate Finance Committee who represent high paper density states, such as Stabenow, Snowe, Lincoln, Cantwell, etc. about the need to give the industry a break for its use of a renewable fuel in providing power.

## Senate Finance Committee Members

### Democrats:

Max Baucus, Montana  
John D. Rockefeller IV, West Virginia  
Kent Conrad, North Dakota  
Jeff Bingaman, New Mexico  
John F. Kerry, Massachusetts  
Blanche L. Lincoln, Arkansas  
Ron Wyden, Oregon  
Charles E. Schumer, New York  
Debbie Stabenow, Michigan  
Maria Cantwell, Washington  
Bill Nelson, Florida  
Robert Menendez, New Jersey  
Thomas Carper, Delaware

### Republicans:

Chuck Grassley, Iowa  
Orrin G. Hatch, Utah  
Olympia J. Snowe, Maine  
Jon Kyl, Arizona  
Jim Bunning, Kentucky  
Mike Crapo, Idaho  
Pat Roberts, Kansas  
John Ensign, Nevada  
Mike Enzi, Wyoming  
John Cornyn, Texas

## Please Send Material for next issue of Pulp Truth

*Pulp Truth* covers news across the entire pulp and paper industry. Please help the newsletter improve its coverage by sending in a write-up about the issues, mobilization activities and contract negotiations involving your local. You can email these stories to Pulp Truth editor Lynne Baker at [lbaker@usw.org](mailto:lbaker@usw.org) or you can mail them to Lynne Baker, USW, 3340 Perimeter Hill Drive, Nashville, TN 37211.

## How to Get Pulp Truth

If you would like to get your own copy of *Pulp Truth*, please email Joyce Russotto, administrative assistant for International Vice President Jon Geenen, at [jussotto@usw.org](mailto:jussotto@usw.org) and give her your home email address.

# Canadian Paper Local Needs Our Support

Members of USW local 1-500 in Brantford, Ontario, are seeking letters of support and solidarity and, where possible, financial support in their almost year-long strike against their employer, ECP (Intertape Polymer Group Inc.).

The 84 members have been on strike since Aug. 23, 2008. Their contract expired Feb. 28, 2008. No meetings are scheduled, and the employer refuses to return to the bargaining table until the workers agree to reductions in wages and benefits in excess of 25%.

ECP presented a final offer on Feb. 24, 2009 that

reduced labor costs by approximately 25%. Members rejected the offer in a secret ballot vote, and on March 11, 2009 the company withdrew the final offer.

Scabs are working in the facility with limited production, but no member of the bargaining unit has crossed the line. Some production has been moved to non-union facilities in other parts of the company.

Send your letters of support and solidarity and contributions to Local 1-500 President Bruce Weber at: 405 10th St., Hanover, Ontario, Canada, N4N 1P7. You can also telephone your support to (519) 364-2229.

## Covington MeadWestvaco Workers Ratify Groundbreaking Contract

Members of Local 8-675 at the MeadWestvaco mill in Covington, Va., voted 84 percent to approve a new, six-year contract that featured significant gains during a tough economic climate.

"I've been working at the mill for 40 years and this is an excellent contract by any standard because everybody got something," said Franklin Tucker, who works in the oiler department.

The new agreement includes \$2,600 in cash bonuses and over 16 percent in general wage increases over the course of the six-year term. The wage increases are on par with the average raises being negotiated this year among manufacturers.

The multiplier for the defined benefit pension plan is raised to \$58 per month for each year of service, meaning that an employee who retires with 30 years of service would receive a monthly benefit of roughly \$1,740 per month, a high-water mark for workers in the paper industry.

A new union-run health care clinic that will help control costs for members will be established in the Covington area.

The agreement covers 900 hourly production and maintenance employees at MeadWestvaco.

The USW called upon the Covington Paperworkers Union

(CPU) to drop charges it filed with the National Labor Relations Board (NLRB) against the company in June for bargaining with the USW, which remains the only Board-recognized bargaining representative of the Covington workers.

The CPU unsuccessfully tried to remove the USW in a representation election in March 2008. Although the CPU technically won by a few votes, the NLRB ruled that the independent union had engaged in unfair labor practices leading up to the vote and nullified it. The CPU appealed the board's ruling and the board has not ruled yet if it will grant the appeal.

"We have waited a long time for a new contract because of the disaffiliation attempt that only hurt the community and our members," said Glenn Allen Hinkle, a USW member who has worked at the mill for 22 years. "With the best contract I've ever seen, it's time to stop the infighting, quit looking backward and start moving forward."

The Covington workers had been working under the terms of the previous contract which had expired December 2006.

"It's time to get to work on building a stronger union," Local 8-675 President Bobby Harrison said. "It's time to work to build a stronger community, and most importantly, it's time to make paper."

## New Four-Year Contract at NewPage's Luke Mill

Members of Local 676 at the NewPage mill in Luke, Maryland, ratified a four-year agreement July 1 that contains 2% wage increases each year, a contract protection clause and improvements in retirement benefits, life insurance, and accident and sickness benefits.

The old contract expired Dec. 1. The new agreement will end Dec. 1, 2012 and covers production workers and mechanical maintenance trades. Local 676 represents about 700 of the 1,000 employees at the mill.

Successorship language, otherwise known as a contract protection clause, was carried over from the old agreement. A contract protection clause is essential for the local's members in this uncertain time of mergers, acquisitions and asset sales within the paper industry. It guarantees that if your mill is sold, you will continue to have your job, and your union contract will stay in place for the term of the agreement.

If the local did not have a contract protection clause and the mill was sold, Luke workers would likely have to reapply for their jobs and work under the conditions set by the new purchaser of the mill. Many new owners do not want to hire the existing

work force or deal with a union.

The four-year agreement places Local 676's contract expiration date in strategic range with other NewPage contracts. NewPage Locals 09, 94, 116, 187, 359 and 1306 all expire on March 31, 2010. Local 900 and Local 680 contracts expire June 30, 2010. Local 21's contract expired June 1, 2008 and the membership was voting on a proposal at press time. New contracts for these locals would put them within range of the 2012 expiration date for the Luke contract. A local gains extra leverage in bargaining when many contracts expire close together.

Headquartered in Miamisburg, Ohio, NewPage is the largest coated paper manufacturer in North America, based on production capacity and owns mills in Kentucky, Maine, Maryland, Michigan, Minnesota, Wisconsin and Nova Scotia, Canada.

The mills have a total annual production capacity of approximately 4.4 million tons of paper, including approximately 3.2 million tons of coated paper, approximately 1 million tons of uncoated paper and approximately 200,000 tons of specialty paper.

To date no agreement has been reached at the Escanaba, Mich., mill.

# Worker Interests Taken Care of in Caraustar Bankruptcy

Caraustar Industries, Inc. filed for protection under Chapter 11 of the U.S. Bankruptcy Code May 31 and announced June 1 it had reached an agreement with bondholders to restructure its debt and enter into a pre-negotiated Plan of Reorganization. The company had trouble getting money due to lending constraints in the credit markets and this caused an inability to satisfy the majority of the company's long-term debt that matured June 1.

The reorganized company was expected to emerge as a private entity with Wayzata Investment Partners LLC becoming the company's controlling shareholder. (Readers may remember that the USW ran a successful corporate campaign against Wayzata to get a first contract at Cascade Pacific Pulp—the former Pope and Talbot mill in Oregon.)

The USW had its Wall Street analysts and internal bankrupt-

cy attorney review the situation. Union attorneys reviewed the disclosure statement filed with the Plan of Reorganization (POR). The POR provided that the labor agreements, retiree insurance programs and pension plans would be assumed by the reorganized company and continued.

It helped that our union communicated early with Caraustar regarding the bankruptcy, negotiated one-year extensions for contracts in bargaining this year, and earlier showed Wayzata that it was not afraid to fight to defend workers' interests.

Caraustar is an integrated manufacturer of 100 percent recycled paperboard and converted paperboard products. The USW represents workers at the company's Tacoma, Wash.; Cincinnati, Ohio; Versailles, Conn.; Crossett, Ark.; Tama, Iowa; Saginaw, Mich.; Minerva, Ohio; and Oregon, Ohio plants.

# Fraser Paper Files Bankruptcy While Execs Take Bonuses

Fraser Papers Inc. filed for bankruptcy June 18 pursuant to Chapter 15 of the U.S. Bankruptcy Code. The company said it sought protection from creditors while it reorganizes because of continuing operating losses, weak demand and selling prices for pulp and lumber, impending debt repayments and "significant pension funding obligations."

CEO Peter Gordon said that although the company's paper business remains profitable, particularly the specialty packaging and printing segments, weak pulp and lumber markets drained the company's resources and more than offset progress made in its paper business.

Before filing for bankruptcy, company executives Gordon, Jeffrey Dutton, Glen McMillan and Bill Manzer did not have any trouble giving themselves bonuses in 2008.

As a whole, the company was not doing well that year. The company reported loss before depreciation and income taxes was \$12.6 million for the first quarter in 2008 and \$11.8 million during the same period in 2009. The company generated a loss after interest, depreciation and income taxes of \$16.7 million or \$0.33 per share in the first quarter this year compared to a loss of \$19.1 million or \$0.44 per share in the first quarter of 2008.

Fraser has not been doing well for the past five years. The price per share of stock fell 98.26% from 7/19/04 to 5/10/09. Workers have weathered the brunt of the company's difficulties. In the past five years the employees have experienced:

- Periodic shutdown of equipment and associated mass layoffs
- Unilateral measures to reduce headcount, which has led to employees working harder and being responsible for more of the operation without getting extra compensation
- Loss of the pension plan for hourly employees
- Inflation in health care premiums
- Changes in healthcare plans resulting in fewer benefits for various services

The hourly employees' pension plan was frozen Jan. 1, 2008 and workers were left with nothing but a 401(k) for a future retirement vehicle.

The locals at the company's Madawaska, Maine, mill will be negotiating a new contract this fall. It will be interesting to see if Fraser's execs ask for more concessions in light of their bonuses.

As of press time, the company was seeking a three-month extension for its court-supervised restructuring and workers at its Edmundston mill in Canada were voting on a new contract. Gordon told the workers that if they ratified Fraser's offer the sulphite mill would restart in late July.

The company had offered concessions including decreasing the number of workers at the mill and a reduction in pension benefits. The Communications, Energy and Paperworkers Union represents the workers.

# Investor Magazine Paints Good Future for Smurfit-Stone

When Smurfit-Stone filed for relief in January under Chapter 11 of the U.S. Bankruptcy Code it became a "Debtor in Possession," (DIP) which means it is a debtor that has possession of its assets and continues to operate its business. A magazine called *Institutional Investor* said the company had a good shot at survival because it was successful in raising \$750 million in debtor-in-possession financing, a loan used to keep operations going while the firm reorganizes.

The magazine wrote that although the company faces challenges, it "stands to benefit as the global economy recovers, assuming the courts will cut its \$5.6 billion in debt after one year, when the DIP matures. With a market share of 18 percent in North America, Smurfit has the scale

and scope to profit in a commodities business."

In bankruptcy, the debtor is granted an "exclusivity period" where it is the only party allowed to develop a "plan of reorganization," which is the blueprint for how the company will repay its creditors and emerge from Chapter 11 proceedings. The Bankruptcy Court extended Smurfit-Stone's exclusivity period to Sept. 23, 2009.

The USW is one of the seven appointed members to the Smurfit-Stone Official Committee of Unsecured Creditors that consults with the company on administration of the case, investigates the company's conduct and operation of the business, and participates in formulating the Plan of Reorganization. The key question will be if SSCC emerges a new company, or is acquired as a result of this process.

# Blame Wall Street for Erving Paper Bankruptcy

Family-owned Erving Paper Mills Inc. in Erving, Mass., filed for Chapter 11 bankruptcy last April and said the main reason was for the sharp decline in the financial markets which led to a drop in the value of the company-sponsored pension funds. The funds were underfunded by \$15 million.

Other reasons cited were rising energy prices, increasing cost of wastepaper (the raw material for the mill's products), general weakness of the economy and fierce competition in

the paper industry.

The company said at the time of its bankruptcy announcement that operations would continue as normal and that there were no plans for laying off the plant's approximately 130 employees.

Erving said it hoped to be out of bankruptcy by the end of 2009. The plant converts wastepaper into recycled tissue that goes mostly into napkins and also products in the health care trade.

# Government Report Shows Bush Administration's Expansion of OSHA's Voluntary Protection Program Failed to Improve Job Safety and Health

An investigation by the Government Accountability Office (GAO) proves what union and other workplace health and safety advocates have said for years—that the Bush administration's reliance on employers' voluntary policing of health and safety at their facilities did not improve worker safety.

The GAO released a report in mid-June that showed that under the Bush administration, the Voluntary Protection Program (VPP) lacked proper oversight, did not improve worker safety and diverted scarce resources from other enforcement duties.

The GAO found that OSHA did not properly ensure that only worksites that had exemplary safety programs and no safety violations were eligible for relief from routine inspections. Companies in the VPP can avoid routine

inspections as long as they demonstrate they have an exemplary safety and health program, no ongoing enforcement actions and an injury and illness rate below the average rates for the industry.

According to the GAO report, 12 percent of the worksites participating in the program had an injury or illness rate higher than rates for their industry. One worksite in the program, for example, had three separate fatalities over a five-year period.

OSHA announced June 18 that it is beginning a comprehensive review and evaluation of the VPP. GAO recommended that OSHA strengthen the program's oversight activity, documentation and other aspects of program operations and impact to ensure consistency and adherence to existing OSHA policies and procedures.

# Making Paper from Stone Two-thirds Cheaper to Produce

The Chinese have started a project making paper from the mineral calcite and quartz stone. The process involves crushing ore into fine powder and adding about 20% of resin to create paper.

The new process does not consume water and power consumption is 35% less than the conventional paper production method.

The calcite-based paper is nearly two-thirds cheaper than paper manufactured by conventional techniques using fibers

like bamboo. The stone-based process can be used to produce coated paper or writing paper.

The first phase of the Chinese project will be completed by the end of 2009 and will enable production of 100,000 tons per year of paper. By 2010 the goal is to produce 200,000 tons/year.

Calcite-based paper production techniques are now being used in only Japan and Taiwan.

# News Briefs from around the Industry

The black liquor tax credit may be partly responsible for the restart of **Tembec's former pulp and paper mill in St. Francisville, La.** New York-based PanAmerican Capital Group bought the mill last April and hopes to restart it as early as July. Former workers have to reapply for their old jobs because Tembec balked at putting in a successorship clause during negotiations in 2004. The new company said it was not going to recognize the union even though it acknowledged the good relationship the USW had with Tembec.

**Largest producer:** In 2008 China produced for the first time the most paper and board of any country in the world, with an 8.6% increase over 2008 output to 79.8 million tones in 2009.

**Start recycling now.** Not as much paper is being recov-

ered and this is causing an increase in recovered paper prices despite less demand for it. Supply can be increased by recycling more newspapers, office paper, cardboard, non-financial junk mail and boxes. If everyone gets in the habit of recycling these items, more recovered paper could be generated for our pulp and paper mills.

**Georgia-Pacific** workers at the company's gypsum plant in Wheatfield, Ind., ratified their first contract. They voted for Steelworker representation two years ago, and GP stalled and refused to reach an agreement. Labor board charges had been filed against the company for illegal discipline, termination and other practices. The workers prevailed, however, and were able to get 2% wage increases in each of the succeeding years of the contract and other improvements.