

Strike at Canadian paper giant

François Legras
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Five thousand workers began strike action June 15 at 11 Abitibi-Consolidated paper mills, located in Ontario, Quebec and Newfoundland. The Communications, Energy and Paperworkers Union (CEP) has chosen Abitibi-Consolidated as the “target company” for establishing a pattern settlement for 25,000 pulp and paper workers in eastern Canada. Abitibi-Consolidated, for its part, is determined to break the 30-year-old tradition of pattern bargaining, insisting on a separate contract at each of the 11 mills.

Born of last year’s merger between Abitibi-Price and Stone-Consolidated, Abitibi-Consolidated is the world’s largest paper producer, with about 16 percent of global production and an annual turnover of close to \$4 billion. While the strike has shut down about 10 percent of all North American newsprint production, the company boasts that 60 percent of its operations, including paper production in the US, Britain and at three mills in western Canada, is unaffected.

Over the last decade, the pulp and paper industry has undergone a massive restructuring. Due to technological change and union concessions, particularly in respect to continuous operation and job jurisdictions, the work force has been slashed almost in half. The increase in productive capacity and a sharp drop in demand in Asia resulting from the economic turmoil there has led to a glut in paper production and a sharp fall in the price of paper. Industry analysts say overproduction would have forced Abitibi-Consolidated to halt production at several of the strikebound mills this summer. Clearly, Abitibi-Consolidated is trying to use the paper glut as a bludgeon to extract further concessions. Forcing a strike is also widely seen as a means of forcing up the price of paper, which has fallen to US\$600 per ton.

In 1993 the CEP agreed to an unprecedented five-year contract. This year negotiations quickly came to an impasse over Abitibi-Consolidated’s insistence on an

end to pattern bargaining. This week the company appealed to labor boards in Ontario and Newfoundland to rule the union’s defense of pattern bargaining an unfair labor practice and to order an end to the strike. “International competition,” declared a management spokesman, “no longer allows us to be the only company in North America to negotiate contracts applicable to the industry as a whole. To maximize productivity one must be able to evaluate the situation in each individual mill. Moreover, each mill must justify its presence within the portfolio of operating mills around the world.”



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