

Alabama paper mill to be closed in 2014

Matthew MacEgan
25 September 2013

Last week, International Paper (IP), one of the leading paper producers in the United States, announced that it will close its mill in Courtland, Alabama, leaving 1,100 workers jobless. The shuttering of the plant, one of the firm's largest, will be done in stages, reaching completion in March 2014.

The announcement that the plant will be closed comes in spite of increasing profits. The day before the plant closure announcement, IP showed that it had boosted its dividend 17 percent and stated that it would buy back \$1.5 billion of stock. IP's net earnings for the first six months of the year rose 79 percent from a year earlier to \$577 million, or \$1.29 a share. Sales increased 5 percent to \$14.4 billion. The company anticipates recording even greater profits during the remainder of 2013 and 2014 due to the closing of the mill.

Closing the Courtland plant will cut the company's paper making capacity by about one third, or 950,000 tons a year.

Most of the product produced is uncoated paper, used in copy machines, while the rest consists of shinier, coated paper used for magazines and catalogs. The market for copy paper and envelopes has been decreasing for a decade as result of increased use of email, on-line bill payment, and electronic data storage.

IP accounts for about 25 percent of the North American production capacity for uncoated paper. The closing of the Courtland mill will lower the industry's overall capacity by 8 percent.

The cost of upgraded production lines to keep the plant profitable in a shrinking market is an investment that "doesn't make sense," IP executives say.

Tim Nicholls, senior vice president for IP's printing and communications business, stated, "We explored numerous business and repurposing options for the Courtland mill, but concluded that permanently closing

the mill best positions us for the future."

The mill's closure is a disaster for its workers. "We never dreamed it would be us," said Johnny Phillips, who has been working in the mill for over three decades. "The hardest part for me is looking at the youngest members. There aren't many private employers in the area that pay what we get paid."

With an annual payroll of \$86 million, the mill was the largest employer in Lawrence County. Most workers at the mill averaged between \$20 and \$32 per hour in wages. Now over 40 years old, the mill also played a strong role in the local community, providing free copy paper to schools.

"It's hard for us to understand how a mill that has put as much money in their coffers as ours could close," Phillips said.

While the Courtland mill is being closed, other IP mills which produce containerboard for cardboard boxes and packaging products are thriving.

The state of Alabama has made no serious effort to keep the mill open. "We have absolutely nothing at present time that would help a company like this if they were going to close," remarked Governor Robert Bentley.

State Representative Ken Johnson has told county residents that they should be encouraged by other prospective jobs which may come to the area, including a Jack Daniel's co-operation which will purportedly create 200 jobs. "I'm glad to have these jobs that we didn't have two or three years ago," he told a press conference.

Regarding new jobs coming to the area, Alabama House Speaker Mike Hubbard told reporters, "I'm not able to discuss that right now, but there are a number of prospects that are interested in coming to Alabama because of the good, positive, pro-business climate we have created in this state that has already yielded results."

He continued by placing blame on the workers themselves. “This community has been dependent on one industry for such a long time,” he said. “As we look back several years down the road, I believe this could be a positive.



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