Canadian Abitibi Loses 1,500 In Streamlining

MONTREAL — AbitibiBowater announced Thursday that it will suspend production indefinitely at several Canadian and U.S. mills in a corporate streamlining that will affect about 1,500 Canadian workers.

The cuts, which begin Oct. 31, reflect the insolvent newsprint giant's restructuring efforts under the bankruptcy protection laws in Canada and the United States.

The Montreal-based company's Canadian union called the cuts at six Canadian mills "disasters of historical proportions for communities that have been a mainstay of the Canadian forest industry."

The indefinite closures at three Canadian mills and paper machine closures at four other mills, including one in the U.S., affect more than 1,500 Canadian workers, said Dave Coles, president of the Communications, Energy and Paperworkers Union of Canada.

While 1,500 workers are affected by the changes, not all of them will lose their jobs.

Coles said the closures were preventable and union members were "angry with the company and cynical about their governments."

"The Canadian government had only to put in place a program of loan guarantees for forest companies forced into CCAA protection because of the credit crisis. But clearly, when it comes to our forest industry, nothing is too large to fail, and no economic disaster is too large for government to ignore," he said in a release late Thursday.

In its restructuring efforts, the company will completely shut down operations at a digital printing paper plant in Beaupre, Que., leaving 340 workers without jobs.

The company will also shut one of two newsprint machines in Clermont, Que., and lay off another 120 workers

In Fort Frances, Ont., a commercial printing paper machine will close leaving 75 people without work.

In Brooklyn, N.S., the company announced it will cut production in half at its newsprint plant, meaning 300 employees will work reduced hours. And in Coosa Pines, Ala., the company will interrupt production and lay off 85 people.

"It's related to lessening demand," said Pierre Choquette, a spokesman for the forestry company, said of the cuts.

"We're talking about a 30 per cent drop in demand in newsprint since the beginning of the year and for digital printing, like in Beaupre, we're talking 20 per cent."

Choquette added that it's unclear when operations would resume at the installations.

AbitibiBowater has been restructuring since April and the company had said weeks ago that suspension of activities was likely.

Like many forestry companies, AbitibiBowater has been hit hard by the slump in the North American advertising industry during the recession, which has cut the size of newspapers and magazines and reduced demand for newsprint.

It also was squeezed by a huge debt load, which made it difficult to operate profitably in a tough business environment.

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