Last N.H. Paper Mill: We Will Survive, Succeed

Kathy McCormack, Associated Press

GORHAM, N.H. (AP) — A cheaper source of fuel, a dedicated sales team and workforce, and an investment in a tissue machine will help the last paper mill in New Hampshire's North Country succeed, state and mill industry representatives say.

The changes come to the mill in Gorham as the papermaking industry fights growing competition from overseas plants in recent years. Some mills in northern New England have had staying power because they have developed business in specialized papers. Others have had to contend with rising oil costs to run theplants and a loss in demand as email and the Internet have replaced the need for some types of paper.

The Gorham mill, shut down for eight months but newly acquired by a New York private equity firm, is scheduled to reopen Wednesday with the startup of its paper towel machine and at least 70 of its approximately 240 workers called back. The plans are to add more staff and operations in July.

"They're concentrating on areas that they can be strong on, that there's a little bit less competition — towel and tissue is a little bit more difficult to, let's say, import from Asia and make it feasible," said George Bald, commissioner of New Hampshire's Department of Resources and Economic Development. "I just know that they are sharp people, they have been successful and they want to show that they can make this a very good success as well," he said of Patriarch Partners, led by CEO Lynn Tilton.

Tilton, whose firm specializes in buying distressed manufacturing businesses and bringing them back to life, recently met with the mill workers and state and local officials who worked on finding a buyer after the last owner, Fraser Papers, declared bankruptcy in 2009.

"If I can show America a fairy tale of business owner and worker — and government and business — coming together to rebuild our country, then others will do it," Tilton told the crowd. "It will take all of us to do it."

Tilton plans to spend the money to convert the mill's fuel source from oil to gas in about five months. "It's a must," she said. The gas line has been secured that would supply power to the mill from a landfill.

She said the largest investment will be a tissue machine, "so we can battle against foreign imports." She estimated it would take about a year to build the machine and get it operating.

Tilton said one reason she took interest in Gorham was because Patriarch had

bought the Old Town Fuel & Fiber mill in Maine a few years ago, the firm's first mill venture.

Old Town's owner had filed for bankruptcy. The mill had been selling pulp to customers such as the Gorham mill, but also was researching the development of biofuels.

"We got the mill back up and running, we put all the workers back to work, we were able to make money and we're building a biorefinery," Tilton said. "We're going to be the first to make jet fuel out of wood on a mill level. Everybody, every day is proud of the work we do together. So that is what gave me the inspiration to be here."

Maine has about 10 paper mills and still is regarded as the No. 2 papermaking state by volume, behind Wisconsin, said John Williams, president of the Maine Pulp & Paper Association, a trade group. Some have succeeded in making coated papers for magazines and catalogs, and in tissue production. They have been able to hire more staff. Others, such as two Katahdin region paper mills that closed, struggled to find alternative fuel sources and cope with decreasing demand for certain products.

"The hope is someone will come in and buy those mills," he said. Talks have been going on between the state and possible investors.

New Hampshire has seen a steady decline in paper mill jobs. Dennis Delay, an economist with the New Hampshire Center for Public Policy Studies, said New Hampshire had about 7,000 jobs in the paper industry until the mid-1970s, but then the decline started. "We were down to 4,000 jobs in paper by 2000, and dropped to 1,400 jobs in paper by 2009," he said.

Northern New Hampshire, once populated by about a half-dozen paper mills, has seen them all close, the most recent being pulp and paper mills in Berlin and Groveton.

"Pulp is very, very competitive — that again is coming from South America and Asia," Bald said. The mills also were selling specialty papers, such as for financial reports, but the demand for that had lessened. "Unfortunately, those things a lot of people now get by email," he said.

One mill that has had staying power in New Hampshire is Monadnock Paper Mills in Bennington. It's been running since 1819.

Company CEO Richard Verney, whose family bought the business in 1948, talked about strategizing going as far back as the late 1960s and early 1970s: "We tried to find relatively small niche markets where we thought we could provide a product that had value and we keep at that. It's a continual process of trying to find specialty markets as opposed to commodity markets."

He said a lot of products have started out as specialties, such as disposable diapers, when many families were using cloth ones. Then as the volume grew, they became

commodities. "You wouldn't think of not using them," he said.

Verney, whose mill employs about 150 workers and makes high-quality, uncoated printing papers and some coated papers for wallpaper and sandpaper backings, suggested that Gorham, too, would have to find markets for higher values than they presently manufacture for.

"You have to stay at it, and products that we're making today a few years down the road, we won't be making," Verney said.

Source URL (retrieved on *08/29/2014 - 9:35pm*):
http://www.impomag.com/news/2011/06/last-nh-paper-mill-we-will-survive-succeed?qt-recent_content=1