

MEETING SUMMARY

EDA Northeast Wisconsin Pulp & Paper Industry Workshop

ECWRPC, NCWRPC & BLRPC

Shawano County Chamber of Commerce, Shawano, Wisconsin

December 15, 2008

Meeting attendees, along with contact information, can be found in Exhibit A.

The Northeast Wisconsin Pulp & Paper Industry Workshop was made possible by funding from the US Economic Development Administration (EDA), and was a joint effort between the East Central, North Central, and Bay-Lake Regional Planning Commissions (RPCs). The main purpose of the meeting was to bring together key stakeholders to identify the issues, concerns, and opportunities currently facing the paper and pulp industries in Northeast and North Central Wisconsin. Additionally, the workshop was to assist in the development of potential projects that could be submitted to EDA to better help the region respond to changes in these industries.

Congressman Steve Kagen attend the workshop to provide opening remarks, concentrating on the financial crisis, recession, and the potential stimulus package as it relates to the global economy. Rep. Kagen also provided some general comments on what could be done to assist the paper industry, including: 1) the need for balanced trade, and; 2) the need to invest in 'human infrastructure' (i.e. training/education).

After the opening remarks, staff from the RPCs facilitated a discussion to identify issues and opportunities for the Paper & Pulp industry. Below is a summary of the results from this detailed discussion.

Historical Reference Points:

- ◆ Pulp/paper is a 'legacy' industry in Wisconsin;
- ◆ Over time, research functions have been allowed to move out of Wisconsin;
- ◆ Mills/technology becoming antiquated with no re-investment;
- ◆ 'Machines' are not locally owned;

Major Issues/Concerns:

- Business friendliness of Wisconsin, and the how it is viewed by those outside the State.
- The paper industry directs a relatively small percent of profits into research & development, much less than in previous decades.
- EPA is anticipated to list CO₂ as a pollutant. This will require a 70% reduction by 2020; WDNR will require a 90% reduction over the same time period. This puts Wisconsin at a competitive disadvantage.
- We need new pulp mills to have new paper mills (more pulp mills closing than paper mills).
- Technology does not necessarily equate to new jobs.

- Employee Free Choice Act, which makes it easier to unionize.
- When voting on items, union membership may not be given the full picture from union leadership.
- Lack of interest in the industry among young people.
- International competition for non-tissue markets.
- We're being out-competed by Minnesota (e.g. they have a higher percent of their population with college degrees).
- Industry needs to think long term (we've been too passive).
- We've allowed the Institute for Paper Chemistry, in Appleton to disappear, resulting in less recognition as a major industry player.
- We need to stop thinking insular – how do we better think at a global level vs. region or state?
- Why aren't new paper machines being built here, where much of the technology was developed? They're being built in China.
- Stigma associated with the Fox River PCB Cleanup affects potential mill purchasers / operators (added by East Central staff after workshop).

Opportunities/Project Ideas:

- The conclusion should be a 'value proposition' for paper industry – We need to better identify and understand the industry's desires and needs for location as well as expansion within the State/region. i.e., what are the reasons they are here, and why they should stay here? Must engage middle-management to discuss ideas.
- Any project submitted to EDA should/must have "energy" element (i.e. cellulosic bio-fuels, etc.) to be successful in Washington.
- How much infrastructure do we hang onto as plants close? These are our assets.
- How can we take an empty/closed plant facility and turn it into a training and innovation center to support the industry (this is a project idea/initiative by the Village of Port Edwards for the Domtar Mill)?
- Develop/implement a high-school training program similar to the successful effort between Airen, Inc. and the Brillion School District.
- There is a need to act quickly in six areas:
 - Raw materials;
 - Labor (workforce);
 - Infrastructure, particularly transportation (need for an inter-modal facility, improved freight rail, etc.);
 - Energy;
 - Business climate; and
 - Quality of life.
- The need for incumbent worker retraining.

- The industry's labor and management need to come together (i.e., how can we encourage replication of the Appleton Papers model? *(we should add more detail to this statement)*).
- How do we better extract ideas from labor and get them to the right place (i.e. innovation).
- Demand can decrease for certain paper products, but new products arrive to take their place.
- Paper conversion is still a strong sector and full of innovation – how can NE Wisconsin capitalize on that?
- TAPPI-Technical Association for the Pulp and Paper Industry.
- We need a Wisconsin-based economic analysis of the Industry (does the Wisconsin Paper council have a recent study?)
- Strength — Wisconsin's Technical Colleges and opportunities for training.
- Entrepreneurial opportunities for dislocated workers.
- Need to work with affected/unaffected communities on development of 'back-up' plans for mill closures/sites (conversion to another industry or other redevelopment). Better assess 'decommissioning' opportunities.
- 'Wisconsin excels at growing our own companies from within.
- Any project which is developed should be broader than just the Fox River and/or the Wisconsin River Valleys — A statewide or at least, a northern Wisconsin initiative should be considered as an appropriate scale.
- Key industry owners and decision makers are located in foreign countries, too far away from NE Wisconsin (they only look at the balance sheet; e.g. decreasing local ownership in companies).
- UWSP Virtual Institute project being developed by WIST (Wisconsin Institute for Sustainable Technology) to replace the functions of the previously established Institute for Paper Chemistry (this was our 'edge'); should be/could be funded statewide; there is no industry 'ownership' at this time.
- Treat a tree like oil (it can be refined).
- Need to accept that the industry is changing and that labor and technology needs to keep up with market expansion opportunities.
- Business needs to be part of the solution (link between labor, transportation and energy in decision making; negotiations in labor structure may be part of the answer).

Key Themes:

- 1) Understanding what the Pulp & Paper Industry 'values' are is key (e.g. labor, tax rates, raw materials, infrastructure, etc.; what is most important?);
- 2) How do we improve innovation/entrepreneurship in the industry (e.g. building from within)?
- 3) How do we get NE Wisconsin back on 'the map' as the center of industry?

Future Steps:

The group determined that it should convene again in early 2009. Potential guests/topics include:

- 1) WI-based paper companies, such as those based in Appleton, Wausau, and Park Falls.
 - a) What do they value?
 - b) What keeps them in Wisconsin?
 - c) What changes have they made to compete in the global economy?
- 2) Additional Committee input for additional topics of discussion and/or the continued refinement of potential EDA project ideas derived from the thoughts above.

Exhibit A. Northeast Wisconsin Pulp & Paper Industry Workshop

Attendance List (12/15/2008)

SALUT.	FIRST	LAST	TITLE	ENTITY	E-MAIL
Mr.	David	Anderson	District Director	Congressman Thomas E. Petri, 6th District, wi	David.Anderson@mail.house.gov
Mr.	Patrick	Arendt	Trustee	Village of Port Edwards	
Mr.	Thom	Ciske	Vice President, Govt. Affairs	Fox Cities Chamber of Commerce	tciske@foxcitieschamber.com
Mr.	David	Eckmann	Economic Development Director	Wausau Chamber of Commerce	
Mr.	Eric	Fowle	Executive Director	East Central RPC	efowle@eastcentralrpc.org
Mr.	Richard	Heath	Assistant Director	Bay-Lake RPC	rheath@baylakerpc.org
Ms.	Kara	Homan	Associate Economic Development Planner	East Central RPC	khoman@eastcentralrpc.org
Rep.	Steve	Kagen	8th District Representative	U.S. Congress	dianne.lang@mail.house.gov
Mr.	Jeffrey	Landin	President	Wisconsin Paper Council	landin@wipapercouncil.org
Mr.	Dennis	Lawrence	Executive Director	North Central Wisconsin RPC	dlawrence@ncwrpc.org
Mr.	Jerry	Murphy	Executive Director	New North, Inc.	jmurphy@thenewnorth.com
Mr.	Tim	Reid	Director	Shawano County Planning & Development	pndtim@co.shawano.wi.us
Mr.	Gerry	Ring	Chair	Paper Science and Engineer Program, UWSP	gring@uwsp.edu
Mr.	Gary	Schmitz	Board Member / Forestry	North Central WDB, Inc. / NewPage	gary.schmitz@newpagecorp.com
Mr.	Matt	Schreiber	Economic Development Planner	North Central Wisconsin RPC	mschreiber@ncwrpc.org
Mr.	Steve	Sengstock	Interim Executive Director	Shawano County Economic Progress Inc.	scepi@frontiernet.net
Mr.	Mark	Walter	Executive Director	Bay-Lake RPC	mwalter@baylakerpc.org
Mr.	Craig	Moser	District Director	Rep. Kagen's Office	craig.moser@mail.house.gov
Ms.	Cheryl	Welch	Executive Director	Fox Valley Workforce Development Board	cwelch@fvwdb.com
Mr.	Lew	Boyd	Project Manager, Office of Economic Dev.	Menominee Indian Tribe of Wisconsin	lboyd@mitw.org