

Economist says closure another blow for Wis. paper

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The announcement Thursday that Domtar will shut down its Port Edwards mill was the latest in a string of bad news for Wisconsin's paper industry, an economist says.

"Since approximately the year 2000, the Wisconsin paper products industry has been steadily deteriorating," said Randy Cray, director of the Central Wisconsin Economic Research Bureau at the University of Wisconsin – Stevens Point. "In terms of Employment, you would almost say that they have been in a recession over the last several years."

In September, the state Department of Workforce Development projected a net loss of 390 paper-manufacturing jobs between 2006 and 2008 in a nine-county region that included Wood County. That 5.4 percent decline, an estimate released without knowledge of Domtar's plan, was by far the largest drop among industry sectors.

Cray said the main reason for the decline in paper jobs is the fierce competition from "less-developed countries," where production costs are much lower. Free trade and improvements in transportation have allowed a flood of cheap imports into the U.S. market.

He called the Port Edwards closure one of the biggest hits in recent years for Wisconsin paper.

"Those 500 jobs are usually considered to be high-paying jobs, relative to the going wage in the area, so those are good jobs that are evaporating from our area," Cray said.

Not only will the workers and their families suffer financial hardships, but the shutdown will affect businesses that supply the mill, retailers and others who serve the employees. In general, the overall economic impact is two or three times greater than the direct impact on dislocated workers.

Some optimism can be taken from the Wisconsin Rapids area's efforts to rebound from job eliminations at Stora Enso North America over the past five years, Cray said.

"From what I have seen in the communities, there has been partial but not a complete recovery of that in terms of job growth," he said. "There has been the absorption of a good number of people in the economy."

On a personal level, Cray said he felt sympathy when he heard the news Thursday.

"It's really a bad break for the community," he said. "It's really a bad one."