

Dear colleagues, Sisters and Brothers in the ICEM:

The Communications, Energy and Paperworkers Union of Canada (CEP) is very pleased to be with you at this important paper sector conference.

CEP is a major affiliate of ICEM in Canada, representing 160,000 Canadian workers in diverse sectors, including pulp and paper, forestry, oil, gas, petrochemicals, telecommunications and media.

CEP is Canada's largest forest sector union and the principal trade union in the pulp and paper industry.

We are going through a very difficult period in the pulp and paper industry globally and within Canada. In spite of a global restructuring and aggression from employers that we have not encountered in many years, we are pleased to report to you that we are not just holding onto to previously won gains, but we are establishing new standards for our members in this industry.

The collective bargaining situation

The primary pulp and paper industry in Canada is overwhelming unionized, and for half a century has been based on industry-wide pattern bargaining. This system of broader based bargaining has served pulp and paper workers well and has provided a high standard of living and employment security regardless of the company, region or size of operation within the industry. Our members learned long ago to put all those differences aside and to unite in solidarity across the industry.

In Canada, there are two pattern agreements: one in eastern Canada, and a Western pattern agreement. In both cases, the union holds an industry wide bargaining conference to establish an agenda and pick a target or lead company. Our members have also established a supplementary defense fund, in addition to the defense fund of the national union, to support any group that is forced into a labour dispute to establish or achieve the pattern agreement.

In July 2004, CEP was successful in negotiating a new five year pattern settlement for Eastern Canada with Abitibi-Consolidated, the global leader in newsprint production. The principal achievements in this pattern settlement was a six percent increase in pensions, unreduced early retirement at age 57, and a major reduction to the cost of supplementary health benefits such as pharmaceuticals for some workers.

In Canada, employers have campaigned against defined benefit pension plans, many of which are today seriously under funded. Employer organizations have argued that these defined benefit pension plans are now unaffordable and must be replaced with defined contribution plans that limit employer commitments and do not guarantee pension benefits. In this context, it was a major victory for CEP to re-confirm and significantly improve the industry pension plan, and to protect it from employer demands for 10 years.

Implementing the pattern agreement through the Canadian industry has been very difficult. However, to date CEP has successfully achieved the pattern with all major employers.

Bargaining with Canada's second largest pulp and paper employer, Bowater Inc., affirmed the pattern agreement in July, 2005, after a 97% strike mandate from members. This negotiation was noteworthy because for the first time we

achieved company wide bargaining that brought together 14 CEP local unions in five mills.

Certainly, the most difficult situation took place at UPM Kymmene in Miramichi, New Brunswick. We were forced to strike against UPM for 8 months before finally achieving the pattern agreement. The company closed its kraft mill with the loss of almost 400 jobs and was insisting on a restructuring of operations and numerous concessions which violated the industry pattern. The company created a war-zone atmosphere with police intimidation against the local union and it threatened to use scabs to operate the mill and break the union.

I want to take this opportunity to express our deep gratitude to the ICEM and to Paperillitto of Finland for the solidarity they provided throughout this long struggle. Your financial support, your pressure on the company, and your moral support for our members was key to our ultimate victory.

In August of this year, although sadly the kraft mill at Miramichi closed, our members went back to work with the industry pattern 100% in place.

Today, there are only a very small number of employers which have not signed the industry pattern. One of the principal companies that has yet come to terms is Stora Enso, which operates a major paper mill in Nova Scotia. Stora Enso has so far refused to drop demands which would break our pattern, but it is our hope that – like UPM – they will accept the standards established by our pattern bargaining system.

Issues affecting the Canadian forest industry

The Canadian pulp and paper industry is experiencing a very difficult period of adjustment. Changes in the value of the Canadian dollar, and a decline in the consumption of newsprint and stagnation in demand for other grades in North America has had a devastating impact on the industry.

In the course of the last two years, two newsprint mills have closed entirely and four additional newsprint machines have ceased operation. Four containerboard mills and one board machine have closed. Three specialty pulp mills have closed, as has one market kraft pulp mill. Three additional kraft pulp lines at other locations have also closed. Three groundwood specialty machines have also closed. Finally, three fine paper machines have shut, and the closure of a large fine paper mill has recently been announced.

Since 2002 the Canadian dollar has risen by more than 30 percent relative to its US counterpart and it is this more than any other factor that has triggered the wave of closures workers have faced. While the **US dollar** price of newsprint rose from \$460 per tonne in 2002 to \$615 per tonne in 2005, an increase of 34 percent, the price in **Canadian** currency has remained unchanged. For pulp mills the situation is worse. Pulp prices in US dollars rose by 30% between 2002 and 2005, but fell by 3 percent in Canadian dollars.

In addition, there are cost issues in key regions of Canada which have seen transportation, fibre and energy costs rise significantly.

Unfortunately, we expect the current restructuring to continue for some time and there may well be additional partial or total closures of older, smaller mills.

Environmental issues are increasingly important for the Canadian industry. In some regions harvest levels must be reduced for long term sustainability. In Western Canada, the industry is now beginning to feel the impact of global climate change. As a result of warmer than usual winters, a pine beetle infestation has devastated large areas of forest lands. The short term impact is a large amount of wood brought on-stream affecting markets and prices; but the long term impact will be wood shortages in some regions within 5 to 10 years.

Another factor affecting thousands of CEP members and large, integrated forest companies producing both pulp and paper and lumber is the softwood lumber trade dispute between Canada and the United States. This trade confrontation has seen the US collect over \$5 billion in tariffs against Canadian lumber exports. In some cases, these funds represent hundreds of millions of dollars for pulp and paper companies struggling to survive. Recently, an appeal of these tariffs under the North American Free Trade Agreement ruled in Canada's favour. However, the US side has chosen to ignore the ruling and has not returned the money collected or reduced the tariffs. Our members and the great majority of Canadians feel very strongly about this issue, and there is today a growing demand for Canada to impose retaliatory measures against the United States, and to withdraw from the free trade agreement.

CEP has mounted a campaign to pressure governments to support our industry. We have lobbied government leaders, organized demonstrations and shut down parts of the industry. We believe that Canada needs a national forest strategy which responds to all of these issues facing our industry.

The great majority of Canada's forest lands are publicly owned. We need major investments in the future of our industry, and management of our forests for long term sustainability.

ICEM paper sector solidarity

We are emerging from a period of important struggles and economic challenges for the global pulp and paper industry. Certainly global solidarity of pulp and paper unions through our ICEM has proven its worth.

A year ago, a CEP delegation visited Brazil and was hosted by SINAP. We learned much about the Brazilian industry which is having a major impact on world markets. And we strengthened our growing relationship with SINAP as they struggle to establish a national paper workers union in Brazil.

This year, both Paperillitto of Finland, and CEP of Canada, were forced to strike the same employers. Our delegation to the Paperillitto Congress was received with enormous warmth and solidarity from our Finnish comrades.

We at this time have some CEP members from local unions in Quebec visiting European paper mills and meeting ICEM affiliates in those mills.

In all of these growing relationships we have been assisted by the ICEM office in Brussels. When we have asked for solidarity in our struggles with employers, the ICEM has responded quickly and effectively.

These are achievements that we must build upon as we look forward. There is a need for a stronger role for the ICEM and for closer bilateral relationships between member unions.

Together, we have much to do to ensure that global employers are unable to use their global operations to prevail over national unions. We need to discuss in concrete terms: what did we learn from these recent labour disputes and how

can we improve solidarity so that global employers cannot use mills on different continents to gain an advantage during a strike or lockout?

How can our global federation act effectively to support our affiliates in Brazil, Indonesia, Chile, Korea and other emerging producer countries in the global pulp and paper industry? When workers win in these countries, all of us in the ICEM will likewise be stronger.

These are the issues that CEP believes are crucial for us all at this time.