

Straight Talk

CAT TEAM Local 235A



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Glencore Continues to Control Sherwin Bankruptcy Case

The Glencore-controlled bankruptcy of Sherwin Alumina continues to spin on, with management unable to show a clear path out of peril.

Sherwin filed a “back-up” plan motion on February 29, telling the court that Glencore-affiliated lender Commodity Funding would not provide additional financing beyond April 30. The “back-up” plan involves a quick auction of the Sherwin business. The bankruptcy court approved the process on March 16.

The auction process, which could include bids for the entire business or just for parts (the port, real estate, equipment, other assets, or some combination), requires potential buyers to submit bids by April 14. An auction is scheduled for April 18 in Houston, and a court hearing to approve the sale is set for April 20 in Corpus Christi.

Presumably, the Glencore-controlled lender could submit a bid for the business, bidding the asserted \$95 million value of its secured liens for the company. The Unsecured Creditors’ Committee has expressed its concerns about the Glencore-controlled lender making such a bid, describing the sale process as “an orchestrated attempt by Glencore to “preserve for itself” Sherwin’s business “while wiping clean all liabilities” on Sherwin’s balance sheets.

The Bankruptcy Court on March 9 gave the Creditors’ Committee the authority to investigate claims against Glencore for what the Creditors’ Committee has called Glencore’s “egregious” control of Sherwin. That investigation is ongoing.

There was a mediation session in Houston on March 4, which was attended by your Local Union Committee, Staff Representative Ben Lilienfeld, and an attorney from the USW Legal Department. Judge Martin Isgur, a long-serving bankruptcy judge in Houston, was the mediator.



The focus of the March 4 session was Sherwin’s attempts to renegotiate its contracts with Gregory Power and Noranda because these are the two key business issues.

As Sherwin has reported, the March 4 session was unsuccessful. There were follow-up sessions with Noranda during the week of March 14. Noranda, which filed its own bankruptcy case in St. Louis, wants to reject the bauxite agreement because the terms are unfavorable to Noranda, though Noranda has said that it is willing to re-negotiate.

When it was unable to reach any agreement with Noranda on renegotiating the bauxite supply contract, Sherwin ran into court on March 17 asking for so-called “emergency relief” in order to place a bauxite order for March 30. The “emergency” relating to the March 30 order was resolved, with Sherwin and Noranda agreeing to pricing for that order, but Sherwin still remains without an acceptable bauxite contract with Noranda.

We aren’t going to be able to help management and Glencore come to terms with Noranda and Gregory Power. What we can control is how we bargain, and at some point, management and Glencore will recognize that a fair labor agreement with its experienced workforce is a critical piece of any return to success.