



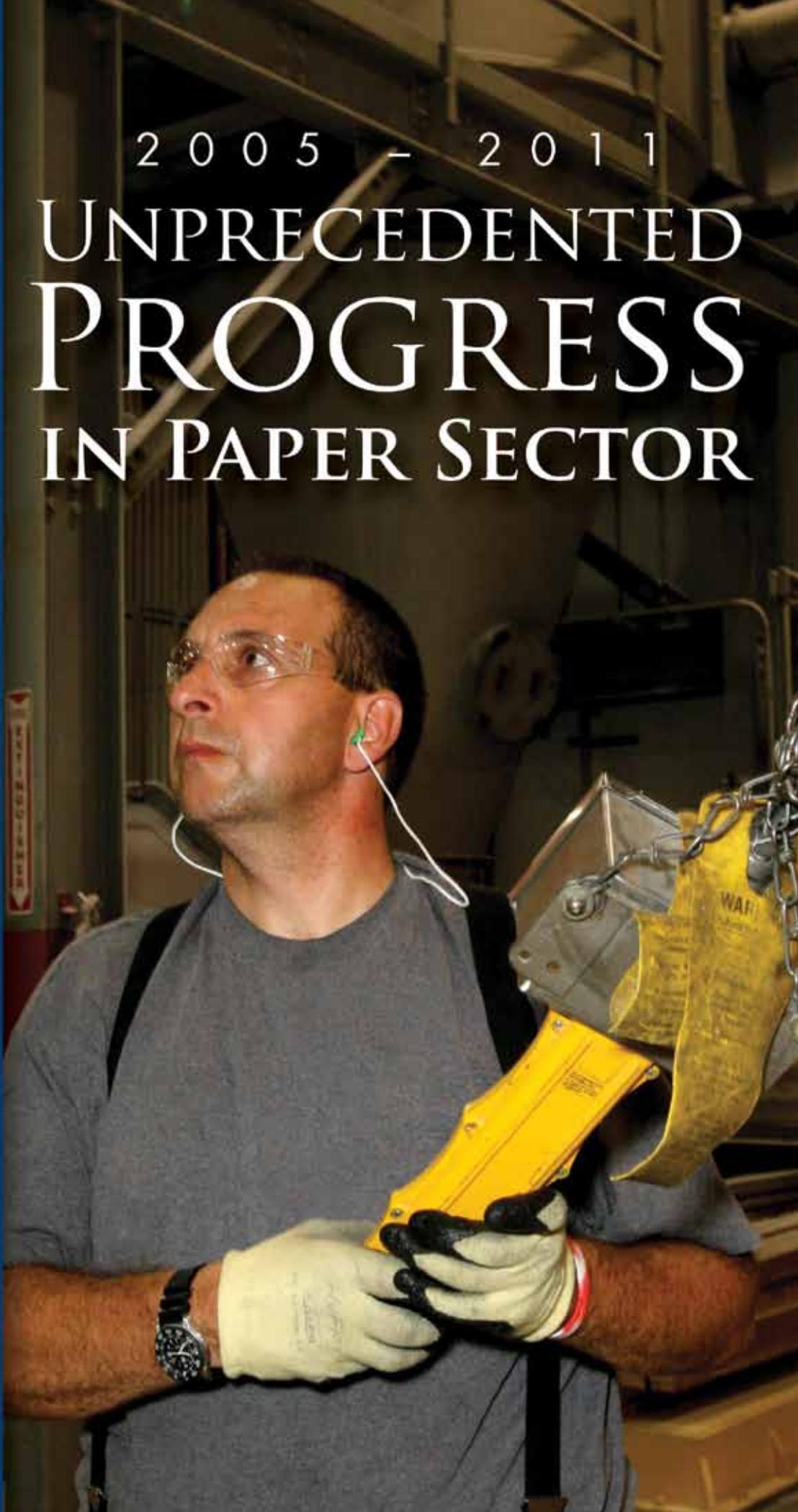
2005 - 2011

UNPRECEDENTED PROGRESS IN PAPER SECTOR

UNITED STEELWORKERS



UNITY AND STRENGTH FOR WORKERS



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UNPRECEDENTED PROGRESS IN PAPER SECTOR

Introduction

Without a doubt, our
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process began.

Over the past six years, the USW's intensified focus on the pulp and paper sectors has resulted in a number of victories for workers and our union – in bargaining; on the shop floor; in Washington, D.C.; and in communities spread far and wide across North America.

We committed at the time of the merger to communicate regularly on our progress in the paper sector. This report is the latest installment of our efforts. Without a doubt, you will see our industry is in general more stable, our wages better, our pensions improved and our jobs more secure than when this process began.

In fact, in April 2011, the USW negotiated its first second-generation Master Economic Agreement with International Paper on behalf of its mill employees, building on the progress we made in the original 2007 master. This milestone agreement will serve our members at IP and elsewhere well, but is merely the latest in the timeline of achievements the USW has made on behalf of our members in the paper sector in recent years.

In this progress report, we have highlighted a few of the issues and campaigns that have been successful, but rest assured that the industry and our members will continue to be challenged in the months and years to come.

With each new challenge we face, however, we also have an opportunity to show our employers, elected government representatives, overseas competitors and others that we Steelworkers will not back down or go away at the first sign of trouble or resistance.

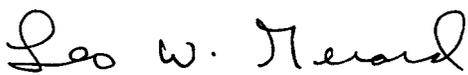
In the current political and economic climate, it is vital and more important than ever that we stand and fight together. The forces of globalization and special interests have pushed their anti-worker, anti-union agendas on our families far enough.

We know from past experience that we can turn them back, but it will require solidarity, hard work and sacrifice – the shared components of any successful union endeavor.

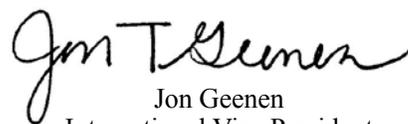
We must each individually and collectively make an effort to build upon the unprecedented activism, participation and mobilization that has grown throughout the past six years. If we continue to encourage each other and build our union, we will, without a doubt, make longer and further strides in the years ahead.

Our continued progress in paper sector bargaining and other activities depends first and foremost upon activism and solidarity on every level of our union. Your engagement and involvement is the common thread that runs through all of the achievements laid out in this document, and they are the only suitable foundation upon which to build brighter futures – together.

In solidarity,



Leo W. Gerard
International President



Jon Geenen
International Vice President



Stan Johnson
International Secretary-Treasurer



Thomas M. Conway
International Vice President
(Administration)



Fred Redmond
International Vice President
(Human Affairs)

2005 - 2011

UNPRECEDENTED PROGRESS IN PAPER SECTOR

Paper Sector Makes Monumental Progress since Merger

In 2005, the paper sector was a driving force in calling for the merger of the United Steelworkers of America (USWA) and PACE in order to give paper workers more power at the bargaining table. The joint theme of the PACE special merger convention and the USWA convention that year was appropriately “Building Power.”

Work in the pulp and paper sectors over the past six years by the new United Steelworkers (USW) has resulted in a number of victories for workers and employers that have produced a more stable industry with better wages, benefits and job security for members.

Together, we have completely changed bargaining in the paper sector to make it more centralized and give workers the power that was promised by the merger. No longer do we engage in company-dominated table-to-table, location-by-location negotiations where management implements its national agenda locally. Centralized bargaining gives USW members more bargaining power and more say on the shop floor.

We have become a leader in international solidarity efforts with other unions around the world as a means of further building our bargaining power here at home with an increasingly global industry.

While continuing the push for better contracts with more security, we are educating members about the impor-

tance of shop floor solidarity to further our goals and build support in Washington, D.C. for the industry’s future.

Progress Beyond Bargaining

Progress, however, has not been limited to the bargaining table. The USW has worked to improve on-the-job safety for paper members and has made advancements on other important issues including fair trade and rebuilding manufacturing as part of a sustainable, green economy.

The early years of the merger were spent on building infrastructure and strategically aligning or condensing the expiration dates of contract agreements with companies around the industry.

The power achieved by the merger and the expiration date reform immediately led to a pact with International Paper (IP) that included benchmark language known as successorship – contract protection in the event of sale. Later, it became clear just how important it is to obtain that contract language throughout the paper industry. In April 2011 the USW/IP Mills bargaining committee reached tentative agreement on the USW’s first second-generation Economic Master.

By the 2008 convention of the merged union, the sector had negotiated its first master agreement with IP and created momentum and leverage that would be used with other companies. Since then, USW paper locals have made rapid progress in an environment that has been economically brutal to the American work force overall.

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Master Agreements Expand

At the time of the merger, only a handful of contracts were part of Master Agreements. From the 2008 convention onward, however, bargaining has been centralized through Master Agreements, frameworks and other similar structures at:

- IP mills and converters
- Weyerhaeuser (integrated into IP mill and converter Masters)
- Georgia-Pacific mills and converters
- Domtar
- PCA mills and converters
- Evergreen
- Temple-Inland mills
- SSCC mills and converters
- SCA
- Abitibi-Bowater
- Wausau Papers
- Boise



and solidarity while these processes are rationally conducted to minimize negative impacts.

Three years ago, in anticipation of the sale of the Weyerhaeuser packaging business, the USW met with the company and demanded and received a successorship clause to protect seniority, pensions and provisions at each company site.

The newly negotiated successorship contract language showed its worth with IP's purchase of Weyerhaeuser's mills and converters, the largest ownership change in USW history. Strong protections for our jobs, our union and our contracts made the transition manageable.

Pattern master economic agreements spell-out wage increases, health insurance premiums and other key economic benefits for workers at USW-represented shops and allow local negotiations to focus on immediate issues that are important to local union members.

The paper industry did not escape the stock market crash of 2008, but our centralized agreements did protect wage increases, benefits and job security.

Agreements Offer Protection

In the cases where there were sales and acquisitions, these agreements protected our interests. Without them, we would have faced concessions and perhaps lost our defined security.

While members with centralized agreements generally escaped harm, many employers fell into bankruptcy and members at smaller shops faced tough contract negotiations. This was also true at employers with low USW density. Still, the USW was there to provide the necessary expertise and assistance.

Our efforts at Abitibi and SSCC paid huge dividends. At SSCC, members were able to protect their pensions even though the plan carried more than a billion dollars in liability. It was unprecedented for wages to be left intact and a pension unscathed by bankruptcy reorganization.

At Abitibi-Bowater, coordinated bargaining activities enabled members to maintain the best pay rates in the industry and keep lucrative retirement benefits and future profit sharing. We also held onto a common expiration dates with two of the four mills expiring within one year of the other two. Finally, coordinated efforts with the Communications, Energy and Paperworkers Union of Canada (CEP) ensured that the company could not whipsaw any local union across North America.

Flagging Potential Trouble

In these cases, the USW flagged potential bankruptcy in advance of the companies

We mobilized through our Building Power program to make sure that the bankruptcy process both provided security for us and our families as well as financial relief for the employer.

These agreements cover more than 270 local unions and provide security in a time of economic uncertainty. While many industries suffered brutal concessions during 2008 and 2009, our successful bargaining program created a protective firewall around agreements and prevented a gutting of living standards for USW members.

Turbulence and Change in Market

True to form, the pulp and paper market remained unpredictable largely due to the turbulence of the overall economy. Employers bought, sold, merged or spun-off facilities, while others sought protection from creditors in federal bankruptcy court.

Times of ownership uncertainty and court proceedings require great patience

publicly acknowledging their circumstances because of the work of our in-house financial analysts. This allowed us to build solidarity and conduct strategic planning before the bankruptcy process began. Paper sector leadership called on the expertise of our locals and the International. The collective USW institutional knowledge was put to work -- leadership, staff and legal experts from the International as well as financial consultants who had assisted in similar circumstances in the steel and rubber industries.

We mobilized through our Building Power program to make sure that the bankruptcy process both provided security for us and our families as well as financial relief for the employer. This activist approach served us well. We emerged from these transactions with contracts and benefits in place and, in the case of Abitibi-Bowater, new Master Agreements and centralized bargaining that will secure bargaining power for generations.



Improving Workplace Safety

Since the 2008 convention, paper locals have engaged in intensive work to further improve the on-the-job safety. At the 2008 Paper Conference, we declared reactive responses to individual worker deaths and catastrophic injuries were totally inadequate and designed a program of shop floor activism to address growing, unanswered safety concerns.

A comprehensive survey of the industry resulted in the first ever workers' plan for safer job sites. The plan includes tangible recommendations to complement the management-dominated behavior-based approach with a hazards-based focus on key areas. At the 2010 Conference, we developed a plan to disseminate the survey results to our members and to introduce the hazards-based safety approach to the industry. This resulted in the first ever industry National Day of Action on Workers Memorial Day 2011 and a Season of Action that will educate and mobilize members around safety issues until Workers Memorial Day in 2012.

Creating Power Internationally

The paper sector is viewed as a global leader in international solidarity efforts with other unions around the world. As more of our employers become multinational corporations,

we must expand our global reach by developing strategic alliances that create more powerful unions.

We played a key role in the merger between the USW and UNITE of the United Kingdom and Ireland to form the first transatlantic union, Workers Uniting: the Global Union. This was an initial step in confronting international capital in two economic centers: Wall Street and London's trading hub, "The City."

The paper sector's groundbreaking activities included joint communication to members, building strong relations at common employers and active collaboration of both unions at all levels.

In addition to sharing information and data, we are conducting joint actions on health and safety issues and supporting each other at respective bargaining tables during negotiations.

Global outreach efforts include daily coordination with other unions in the paper industry around the world, including those in Canada, Finland, Japan, Australia and Sweden. International solidarity has been very important in many of our victories and its development will be further nurtured as U.S.-owned paper companies become fewer and fewer in number.

The USW is an activist union. Through the hard work of its members, officers and staff along with the support of its allies, USW-represented paper workers have made tremendous strides.

An Activist Union Working Hard

The USW is an activist union. Through the hard work of its members, officers and staff along with the support of its allies, USW-represented paper workers have made tremendous strides.

The USW is uniquely positioned to provide guidance and leadership in the pulp and paper industries because of similar experiences the union has had over the decades in steel, rubber and other industries.

Unfortunately, too many of our industries

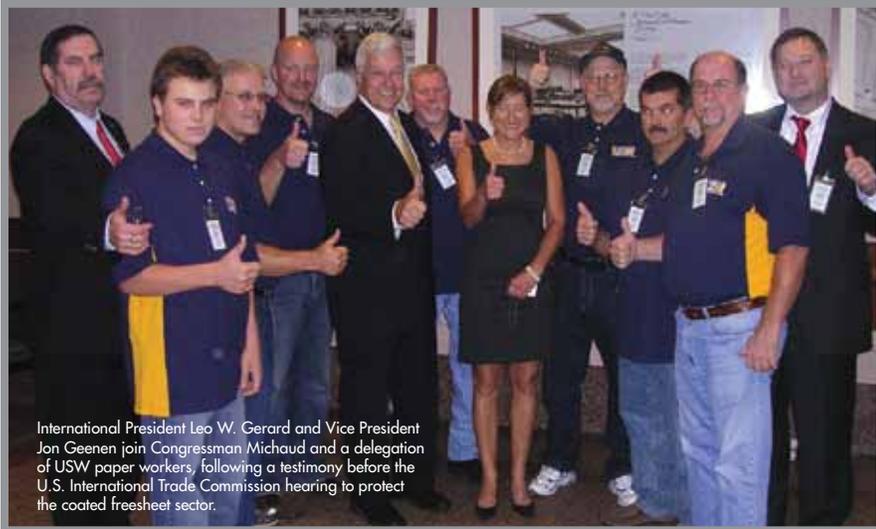
Helping to Mold Boiler MACT

After the USW and industry groups raised concerns last year about the negative impact a proposed Environmental Protection Agency (EPA) regulation would have on our members' jobs and industries, the agency agreed to revamp its rules.

Called the Boiler Maximum Achievable Control Technology (MACT) regulation, the rules limit the emissions of hazardous air pollutants, like mercury and hydrogen fluoride, from industrial, commercial and institutional boilers. The standard impacts paper mills in addition to oil refineries, chemical plants and other factories.

The EPA requested an 18-month extension last December to seek more input from stakeholders and more concrete information from affected employers so a final regulation could be crafted that worked for American workers and all USW industries. The agency said its final standard would be significantly different than what it proposed in April 2010. But then a federal court ruled on Jan. 20 that the EPA had 30 days to finalize its MACT regulation.

EPA finalized the regulation on Feb. 23 and said it believed the final rules represented the best available science and data, although it immediately initiated a reconsideration process due to the court's time frame and will seek additional public review and comment.



International President Leo W. Gerard and Vice President Jon Geenen join Congressman Michaud and a delegation of USW paper workers, following a testimony before the U.S. International Trade Commission hearing to protect the coated freesheet sector.

and the good family-supporting jobs they provide have been targeted by unlawfully dumped and illegally subsidized foreign products.

The paper industry has been under siege, beset by that unfair competition, falling demand, limited access to capital and increasing competition with power companies and other fuel users for the wood that is its chief raw material.

Since 2005, 142 paper and paperboard machines have shut down and 68 mills have closed. Many additional pulp mills and converting operations (the plants that turn rolls of paper and paperboard into useful products such as boxes, books, wrapping paper, facial tissue and notepads) have also closed their doors.

The USW estimates the job loss from all these plant closings at upwards of 45,000 people. Added to this devastation is that each paper industry job on average generates about 4.5 downstream jobs. This means job losses from all the plant closings is more than 200,000 across the country, with much of it concentrated in smaller, rural communities.

The USW believes that trade laws between nations must be enforced with government fact-finding and the power to defend jobs and industries with strong tariff penalties for import violations.



The paper sector is viewed as a global leader in international solidarity efforts with other unions around the world.





Positive Impact for Paper

The final rules ease pollution-control requirements for large boilers that burn certain types of fuels and on small ones that the agency says don't account for a significant portion of toxic emissions. The EPA cut the overall estimated cost of complying with its proposed curbs on mercury, soot and lead emissions to \$2.1 billion a year from \$3.9 billion.

The USW's lobbying had a positive impact for the paper industry. Among the changes from the EPA's earlier proposal, the agency decided that many large boilers fueled by wood or other "biomass" do not emit significant levels of acid gases and thus would not need to be outfitted with costly pollution controls as originally proposed. They will be required to install equipment that captures soot, but won't have to add expensive scrubbers. That's because biomass plants don't emit large amounts of hazardous materials like mercury that scrubbers are designed to collect. EPA said it also is requiring all biomass-fired area source boilers to implement a tune-up program as a management practice.

The EPA said the rules would prevent 2,600 to 6,600 premature deaths per year by 2014, the

deadline for companies to bring their operations into compliance. It also would avert 4,100 heart attacks and 42,000 asthma attacks annually. These health protections will save between \$23 billion and \$56 billion in health-related costs.

The EPA also said the new regulation is expected to generate 2,200 permanent jobs, not including making or installing pollution controls.

Black Liquor Tax Credit

Boiler MACT was not the first time the USW worked with allies and legislators to protect members in the pulp and paper industries. In early 2009, the USW filed comments strongly opposing Senate Finance Committee draft legislation to repeal the Black Liquor Tax Credit.

Controversy arose when some companies reported the receipt of large tax credits from their use of the biologically-based by-product known as "black liquor" to produce, in some cases, nearly all of the power that runs their mills. Some legislators decried the loss of revenues from pulp and paper manufacturers receiving credit for using an alternative fuel mixed with very small amounts of taxable motor fuel.

The USW successfully opposed multiple pushes in the U.S. Congress that would have resulted in serious financial trouble throughout the industry by prematurely repealing this tax credit. Some 30 rank-and-file members lobbied Capitol Hill for a month, not only to preserve the credit, but to begin a dialogue that transformed how Congress views the industry.

Overall, the paper industry is the largest industrial user of biofuel in the United States. The USW's work on this issue prevented bankruptcies and the wholesale shutdown of a number of plants. Our efforts led to the industry having a cleaner and greener image that is a model for energy self sufficiency at a time when solutions to our dependency for foreign fossil fuels and high carbon fuels are increasingly necessary.

Wood: A Renewable Fuel

At a time when pulp, paper and paper-board prices are low, wood prices have begun to increase. This can create an unsustainable squeeze on the paper industry as raw material prices escalate and product prices stagnate. When the Black Liquor Tax Credit did expire at the end of 2009, the paper industry lost an important incentive to keep mills open that otherwise would have closed or gone into bankruptcy. Since then, efforts to create new tax credits for the industry's biofuel use have stalled in Congress, but the USW continues pressing the agenda.

Not only is the paper industry the single largest user of biofuel, it is also the only regular large-scale user of second-generation cellulosic biofuel. It is vital, therefore, that supports for the production of fuel from cellulosic biomass are designed in a way so that supplies of other needed products such as lumber and paper products are not negatively impacted.

At a time when our nation is struggling with its energy needs and the deterioration of its industrial base, the USW will continue to promote the paper and pulp industry's potential to contribute to a lasting solution in a way that does not inadvertently cause job loss and further erode our nation's industrial base.

When the U.S. Dept. of Agriculture (USDA) rolled out its Biomass Crop Assistance Program (BCAP) in 2009 to provide subsidies and credits to promote the use of second-generation biofuel, the USW filed formal comments urging that the regulations be crafted so as not to impact adversely jobs in the paper and wood sectors. As a result, the USDA modified its approach to strengthen these protections.

Many American pulp and paper facilities supply a majority of their own energy with biofuel. Some plants meet 100 percent of their own energy needs with black liquor and sell surplus electricity back to the power grid. With rapidly improving technology and energy efficiency, it definitely makes sense to develop public policy to reward the responsible use of alternative energy in the pulp and paper industries. The USW has the technical expertise, experience and credibility to champion such efforts.

Fighting Illegal Logging, Enforcing Lacey

The USW joined forces with a longtime ally, the Sierra Club, and others under the banner of the BlueGreen Alliance when USDA regulators looked to grant special exemptions from the 2008 Lacey Act reforms for pulp and paper.

These reforms were meant to protect the world's forest communities by stopping the import and sale of illegally-sourced wood products in the United States. Under Lacey Act reforms, importers must declare the country and harvest of origin for their products, an essential step toward creating transparency in a previously unregulated market, where U.S. demand was driving deforestation around the world.

The USW and the Sierra Club submitted their joint comments to USDA and called for full incorporation of all wood products, including pulp and paper, into the Lacey Act's declaration requirement. The comments submitted by the USW and the Sierra Club were based on a report by the bipartisan, multi-sector Commission on Climate and Tropical Forests. The report not only identified tropical deforestation as a threat to vital national interests, but also found that increasing international efforts to protect tropical forests is the most cost-effective way to achieve fast,

Pattern master economic agreements spell-out wage increases, health insurance premiums and other key economic benefits for workers at USW-represented shops and allow local negotiations to focus on immediate issues that are important to local union members.

International Vive President Tom Conway testifies at a trade hearing.



Domtar master negotiations



large-scale reductions in carbon dioxide emissions.

Illegal logging around the world makes it extremely difficult for U.S. workers and companies to compete. Because foreign illegal loggers do not pay fees to their government or pay the market price for the trees cut, they are able to sell their products in U.S. markets for much less than legitimate timber companies.

USW members see firsthand the consequences of illegal logging when plants close. Workers in the coated paper sector remain particularly vulnerable. Until our government takes sufficient action to curb illegal logging, there will be additional harm done to the communities where these vulnerable facilities are located.

The USW believes that a strong enforcement program for the Lacey Act covering imports of wood, wood products, pulp, and paper will significantly reduce deforestation around the world. Illegal logging harms communities by degrading drinking water supplies and breeding corruption and crime that often threaten the lives of citizens who want sustainable jobs and lasting protection for the natural legacy of their countries. Illegal timber syndicates have also been responsible for murdering and exploiting citizens in Honduras, Mexico and Brazil. This is a fight that our union will not back away from.

Fighting Unfair Trade

The USW believes that trade laws between nations must be enforced with government fact-finding and the power to defend jobs and industries with strong tariff penalties for import violations. The USW's experience in fighting illegal trade in the steel and rubber industries proved useful in our

winning tariffs on certain coated sheet paper rolls from China and Indonesia, where government subsidies and currency manipulation enabled foreign suppliers to dump their excess paper in the United States for far less than the cost of production.

The USW was a joint petitioner in the original trade case filed in September 2009 with Appleton Coated LLC., NewPage Corp. and Sappi Fine Paper North America. Following a year-long investigation and public hearings, the USW prevailed in getting the administration to act on International Trade Commission (ITC) findings that the U.S. paper industry was being hurt by unfair foreign trade.

In its investigation, the Commerce Department found dumped imports of coated paper had reached significant margins of 7.6 to 135.83 percent for China, and 20.13 percent for Indonesia. It was also determined that the producers and exporters had countervailable subsidy margins ranging from 17.64 to 178 percent for China and 18 percent for Indonesia. The petitions strongly demonstrated that unfairly traded imports from China and Indonesia are a significant contributor to the underutilization of capacity, mill closures and resultant job losses.

In September 2010, combined duties of up to 313.8 percent were set on coated paper from China and duties of up to 38 percent were established on the same product from Indonesia. U.S. coated paper volumes are continuing to benefit from the anti-dumping duties on Asian imports put in place by our victory. While other paper grades had flat or declining year-over-year demand, coated freesheet involved in the case experienced demand gains for the first time in many years.

Predatory and illegal trade practices by the Chinese and Indonesian exporters are not exclusive to the pulp and paper industries and these kinds of battles will most likely never cease. That is why the USW stands prepared to take up future challenges to secure the future of the pulp and paper industries in North America.

Building Power with Activism

The merger with the Steelworkers immediately provided us with new resources and programs. For example, the Rapid Response program brought the power of local union, grass roots activism to bear when the paper sector was addressing unfair trade issues. Local unions all across the country in every sector lobbied their members of Congress, wrote letters to the editor and engaged in other forms of activism to support our case. This kind of collective actions helps to build the pressure needed to ensure a positive result.

Member activism is vital to any victory in the paper sector. It provides the foundation for any strategic plan. The Paper Bargaining

The USW has worked to improve on-the-job safety for paper members and has made advancements on other important issues including fair trade and rebuilding manufacturing as part of a sustainable, green economy.

The USW is uniquely positioned to provide guidance and leadership in the pulp and paper industries because of similar experiences the union has had over the decades in steel, rubber and other industries.



Program has fostered member education and involvement by building Communication and Action Teams (CAT) through the Building Power program.

Since the inception of an industry bargaining program in 2005, we have devoted substantial time to building membership activism with companies where we have member density. The objective always is to set respectable standards in the industry and preserve good-paying American jobs.

Bargaining Overview

Here are a few key facts about the industry and our union footprint that underscore the need for continued member activism in the sector:

- In the paper industry there are about 20 employers that represent about 60 percent of the entire sector.
- We have had successful campaigns with 80 percent of those employers, entrenching the current patterns, which are substantial improvements over the previous pattern.
- About 40 percent of our sector works in 342 other bargaining units for smaller companies. These shops are serviced by more than 100 staff representatives.

Smaller Shop Bargaining

Hard work during negotiations produced victories in smaller shops, too. For example, one of our smallest locations is a stand-alone former Pope & Talbot pulp mill in Halsey, Ore. where we have 120 members.

Cascade Pacific, a private equity firm, purchased this mill without a successorship clause in place and immediately attempted to cut back wages, benefits and working conditions. But with help from our International's Strategic Campaigns Department, staff from District 12 and the paper bargaining team, the local union fought back. We developed a campaign that included implementing a successful Building Power program and sending a delegation to rally at the private equity firm's headquarters.

The campaign resulted in securing an agreement that substantially restored Cascade Pacific's take-aways and included the industry-standard successorship clause. That clause protected members during a subsequent purchase by a Chinese-owned conglomerate less than two years later.

Another successful fight in smaller shop bargaining took place at the Clearwater Paper mill in McGehee, Ark. Here the company wanted to replace a defined benefit plan with a substandard 401(k). The paper bargaining team worked with Strategic Campaigns, our pension experts, District 13 and a sister local in Idaho and preserved retirement security. Since that bargaining took place, a Clearwater Council has been established and both locals have developed an ongoing dialogue.

At a time when many core American industries are dealing with severe concessions, our paper industry jobs in smaller units continue to provide solid living standards and job security. Plus, we continue to establish pattern agreements as a foundation for bargaining everywhere.



Wisconsin USW paper workers joining US Rep. Steve Kagen (D-8th-WI) after his testimony in support of tariffs being placed on China imports of coated paper.

Scorecard: Fights and Victories

Here is a short review of winning battles that were fights recognized by local leaders since our last conference:

Abitibi – We utilized financial consultants and other resources from the International to proceed in a disciplined fashion under the National Paper Bargaining approach to secure a Master Agreement that preserved our contracts during the company’s bankruptcy. International solidarity mobilized under our Building Power program provided strong support.

Appleton Paper - Our International union provided legal expertise in trade law and targeted lobbying in a trade case that preserved this company and a facet of the industry.

Boise - We conducted an active campaign on the future of our pensions to produce a Master Agreement. We built leverage through shorter contracts and less time between expirations dates and developed council, local and member engagement through Building Power to win this campaign.

Domtar - A Master Agreement for all mills and converters that preserved job security and health insurance while improving company contributions to the defined benefit pension plan was achieved that provided us with protection during the economic downturn.

Evergreen - A common expiration Master Agreement was won that provided for above industry-standard wage increases, health insurance, pension contributions and employment security. Our International Legal Department and Strategic Campaign’s Building Power program played critical roles here.

GP – Our ongoing strategic work continues to develop the council and its leadership while the Building Power program and an active communication network among local unions builds upon an established economic and security framework.

Green Bay Packaging - An activist council here embraced a Building Power program and capitalized on condensed expirations to set a bargaining standard.

IP - Council building along with bargaining expertise established a Master Agreement that has been replicated elsewhere. IP’s purchase of Weyerhaeuser created the largest successor event in the history of our union and jobs, contracts and benefits were maintained or improved. Also, we completed a rational integration of the legacy Weyco units into the IP Masters (both mill and converter) that included transition bonuses and benefits. Our efforts at Council Building result in a second generation master agreement at IP Mills.

MWV - We negotiated some of the best contracts in the industry in the mills, converters and envelope division.



PCA – Our activist council secured economic and security Master Agreements at both mill and converter plants.

SCA – We capitalized on a good relationship going into the merger and cemented it with council activism around organizing neutrality and a profit-sharing plan.

Smurfit-Stone – Here we exited bankruptcy with the defined benefit plan intact and contracts in place. Legal and other expertise from the International along with strong local leadership saved this company.

Temple Inland – Our activist council and local leadership achieved a framework agreement on economic and security issues for the mills.

Sappi – Local and council leadership along with assistance from our Legal Department liberated the local from SEIU and then won a new contract.

Wausau Paper –The locals in this council worked hard to condense contract expirations and strategically used its leverage to win a first-ever Master Agreement.

At a time when many core American industries are dealing with severe concessions, our paper industry jobs in smaller units continue to provide solid living standards and job security.

Since 2008, nine major companies have filed for bankruptcy protection. In times past, the traditional approach to bankruptcy left paper workers as merely concerned and impaired creditors. Now with the USW, members are more proactive.

Challenges and Opportunities

We continue to face challenges where our victories have not been as clear and where we have struggled to overcome obstacles, including our drive to get more members involved.

Graphic Packaging – The council here committed to a Building Power program and utilized technical and bargaining assistance from the International in a battle over pension and health insurance issues. We were able to secure modest achievements to preserve the defined benefit plan and ease the transition to a different health insurance plan, but success was limited by the lack of strong member activism. The council continues efforts on this front and utilizes assistance from USW leadership as it continues to build a dialogue with the company in the pursuit of centralized bargaining.

Kimberly Clark – Here, despite strategies from our International to generate activism to win a better deal, pension concessions were granted and a defined benefit plan was converted to a substandard 401(k).

Newark – We were confronted with bankruptcy and our International launched a solidarity plan backed by legal and technical expertise. Unfortunately, company threats affected many of our members and weakened our solidarity.

RockTenn – We achieved victories to maintain the industry-standard economic package only to confront other fights. With the pending purchase of Smurfit-Stone, this company will be our second-largest employer in the industry. Our continued council activism must be married with grass-roots activism for real security. We must engage members to build a dialogue with top management to secure our future.



Fighting, Planning for the Future

What these challenges make clear is that all of our locals, large or small, affiliated with an industry leader or a minor player, must combine strong local activism with professional resources from our International to succeed in today's tough bargaining environment. Neither is sufficient without the other. As International President Leo W. Gerard often says, "If we fight, we may not win, but if we don't fight, we have already lost."

Part of the challenge of any struggle, win or lose, is to determine what we did right, what we did wrong, learn from that and from each other and continue to build power in our sector.

We need to be candid about our obstacles when we talk about solidarity and engage in activism with our brothers and sisters. When we see us collectively accomplishing our defined objectives, it should give all of us in the pulp and paper a positive feeling about the future. It is critical, however, that we continue to increase solidarity among our locals and on the shop floor in order to build greater power at the bargaining table.

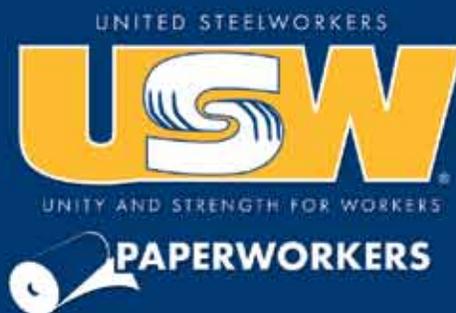
Since the 2008 Convention, we have experienced difficult years filled with great challenges. We have seen our industry downsized and subjected to unfair imports from China and Indonesia -- countries that ignore the rules of fair trade and undercut us by exploiting workers, the environment and economic manipulation.

Yet, we have managed to produce many victories. When we win, the common thread is always the same: there is a high level of activism in our locals that starts well before we go to the bargaining table and carries through into legislative and trade campaigns. We develop battle plans that marshal our resources and engage our members. When we execute our plans, we win. When we don't do well, it is because we are disorganized and fail to muster the will and discipline to advance a common agenda.

The locals in the paper sector, as a result of the merger to form the USW, are engaged and determined like never before. That is what our National Paper Bargaining Program is about and it is the foundation of our union. It is why we survived the worst economic downturn in 75 years and now stand prepared to tackle the challenges of the future.



2005 - 2011
UNPRECEDENTED
PROGRESS
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