

reducing print products in favor of online news. A total of 1.53 million tons or 26% of the total closures were in newsprint and were all by AbitibiBowater, North America's largest producer.

Of the 1.53 million tons, 1.1 million tons or 72.5% was in Canada, where newsprint mills struggled with a strong Canadian dollar. Interestingly, AbitibiBowater at the end of 2008 announced shuts at US mills in Calhoun, TN, and the Alabama River complex.

NewPage lost a case in 2007 before the US International Trade Commission for duties on imported coated freesheet (CFS) from China and Indonesia, but coated paper-makers actively shut capacity last year. US coated paper imports were down about 20% last year and tracking to total about 2.3 million tons. Almost 1.07 million tons of CFS and coated mechanical paper capacity was shut in 2008, with the most notable being

NewPage's Kimberly, WI, mill. Local politicians and mill workers were fighting NewPage and its owner Cerberus to reopen or sell the mill, which was closed primarily because it is not pulp integrated. The mill sits in the famous Fox River Valley paper-making region of Wisconsin. At least one party showed interest, said local press reports at yearend.

Housing fall causes URB shuts. A 40% downturn in demand for gypsum wall-board facing paper from an ongoing US housing downturn led to the shuts of four US machines. Also, a slew of tube and core and specialty uncoated recycled paperboard (URB) units stopped. In total, URB shuts were just under 1 million tons/yr.

The two largest paper/board sectors in the USA, containerboard and uncoated freesheet, each shut about 700,000 tons/yr of capacity.

Economic unraveling stood out as 2008's major issue

The biggest news story of 2008 was a global economic downturn that flared up in September and jolted the US pulp and paper industry through yearend -- and could last for another six months.

Demand for paper collapsed in November (US output was off 12.5% year-over-year) and was expected to drop at least as much in December, and total US paper and board purchases for all of last year were on track to plummet by 6-7%, according to the American Forest & Paper Assn.

RISI economist Scott Howard estimated that US real GDP growth in the fourth quarter was the worst single quarter since the early 1980s. He expected an annualized contraction of 3.2% in first quarter 2009 and no

MAJOR 2008 PERMANENT/INDEFINITE PAPER AND BOARD SHUTS

(000 tons; represents shuts announced this year or started this year.)

Company	Location	Grade	Capacity	Notes
Domtar	Port Edwards, WI	UFS	165	Full mill.
NewPage	Kimberly, WI	Coated p/w papers	600	Full mill.
NewPage	Niagara, WI	LWC papers	250	Full mill.
AbitibiBowater	Shawinigan, QC	Newsprint/GW spec.	418	Full mill.
AbitibiBowater	Dalhousie, NB	Newsprint	264	Full mill.
AbitibiBowater	Mackenzie, BC	Newsprint	203	Full mill.
AbitibiBowater	Donnacona, QC	GW specialties	176	Full mill.
AbitibiBowater	Grand Falls, NF	Newsprint	226	Full mill.
AbitibiBowater	Alabama River, AL	Newsprint	290	(1) Full mill. ✓
AbitibiBowater	Calhoun, TN	Newsprint	130	(1) PM 1 ✓
AbitibiBowater	Calhoun, TN	GW specialties	120	(1) PM 2 ✓
Boise	St. Helens, OR	UFS	200	(2) PM 1, 4 ✓
Domtar	Dryden, ON	UFS	151	PM 1
International Paper	Franklin, VA	UFS	150	(1) PM 3 ✓
International Paper	Valliant, OK	Containerboard	430	(1) PM 3 ✓
Wausau Paper	Jay, ME	UFS	40	(1) PM 10 ✓
USG	Gypsum, OH	Gypsum facing paper	70	Full mill.
USG	South Gate, CA	Gypsum facing paper	110	(1) Full mill. ✓
Longview Fibre	Longview, WA	Specialty kraft paper	54	(2) PMs 2 and 8 ✓
Georgia-Pacific	Pryor, OK	Gypsum facing paper	72	Full mill.
Graphic Packaging	West Monroe, LA	Coated unbleached kraft board	100	(1) PM 2 shut. ✓
National Gypsum	Delair, NJ	Gypsum facing paper	65	(1) Full mill. ✓
Catalyst	Campbell River, BC	White-top linerboard	143	PM 4.
Newark Group	Bradford, MA	Tube and core, specialty URB	145	Full mill.
Newark Group	North Hoosick, NY	Specialty URB	50	Full mill.
Newark Group	Santa Clara, CA	Tube and core, specialty URB	65	(1) One PM only ✓
Brownville Paper	Brownville, NY	Specialty URB	25	Full mill.
SCA Tissue	Alsip, IL	Tissue	70	(1) Full mill. ✓
Smurfit-Stone	Snowflake, AZ	Corrugating medium	130	PM 2. ✓
Stora Enso/Corenso	Wisconsin Rapids, WI	Tube and core	40	(1) One PM only ✓
Caraustar	Chattanooga, TN	Tube and core, specialty URB	60	Full mill.
Sonoco	Montreal, QC	Tube and core	48	Full mill.
Sonoco	Rockton, IL	Tube and core	38	(1) Full mill. ✓
Cascades	Toronto, ON	Coated recycled board	180	Full mill.
Katahdin Paper	Millinocket, ME	Supercalendered paper	180	Full mill.
Thunder Bay Fine Papers	Thunder Bay, ON	Coated Freesheet	140	Full mill.
TOTAL			5,598	

Note: p/w: printing and writing. UFS: Uncoated freesheet. LWC: lightweight coated. GW spec.: groundwood specialty papers. URB: uncoated recycled paperboard. Source: Canadian Paper Analyst, PPI Pulp & Paper Week.