



Domtar to invest \$59M in Hawesville Mill

By Steve Vied Messenger-Inquirer May 26, 2017

The Domtar Paper Co. confirmed on Thursday that it plans to invest \$59 million in buildings and equipment at its Hawesville pulp mill in Hancock County, which a company spokesman said should ensure the sprawling plant with 449 employees will continue to produce office paper for years to come.

News of the Domtar's plans broke early Thursday with action by the Kentucky Economic Development Financing Authority board, which granted preliminary approval to the company's negotiated agreement to receive up to \$1 million in state tax incentives in exchange for the company making the investment while also retaining at least 90 percent of its employees at the current average pay level of \$43.27 a hour, not including benefits.

Domtar spokesman Tom Howard said the company plans about two dozen specific projects over a three-year time period at the Hawesville plant.

"The various projects will further improve efficiency and streamline the processes at the plant," Howard said. "Each one has a specific purpose to help the plant remain competitive and continue to operate and provide employment."

Howard said he could not speculate on the possibility that employment at the plant would rise as a result of the investment. "We do very well contributing to the economy," he said.

According to the agenda item approved by the KEDFA board, Domtar, based in Fort Mill, South Carolina, sells products to customers in more than 50 countries. The Hawesville mill opened 50 years ago this year, but uses relatively new paper machines. The company is considering an aggressive timeline for the upgrades and considered investing in other locations unless it received incentives in Kentucky.

The application to KEDFA states that Domtar will invest \$26.4 million in improvements to existing buildings and \$32.6 million in equipment and installation.

"This really helps anchor the facility and makes sure it stay operating on the banks of the Ohio River for year to come," Howard said. "We are very pleased with our partnership with KEDFA, which recognized our need for continuous reinvestment."

A KEDFA official said the preliminary approval gained on Thursday basically gives Domtar the green light to begin investing in the plant and eventually receive the incentive award.

Mike Baker, director of the Hancock County Industrial Foundation, said the news of the investment was good for the plant and the community.

"One of the things we watch for is a company reinvesting in a plant," Baker said. "This is good news for us. ... When I first heard of this, it means those 449 employees and even their kids can retire there. It will be here 50 more years. Domtar has several locations and it is always competing with its sister plants. This says a lot about the Hawesville plant. It's a good, positive statement. Those guys at the plant have done an amazing job of adapting and adjusting to create new products. I've been very impressed with the staff."

The plant's new manager, Grant Forrest, referred questions to Domtar corporate officials.

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