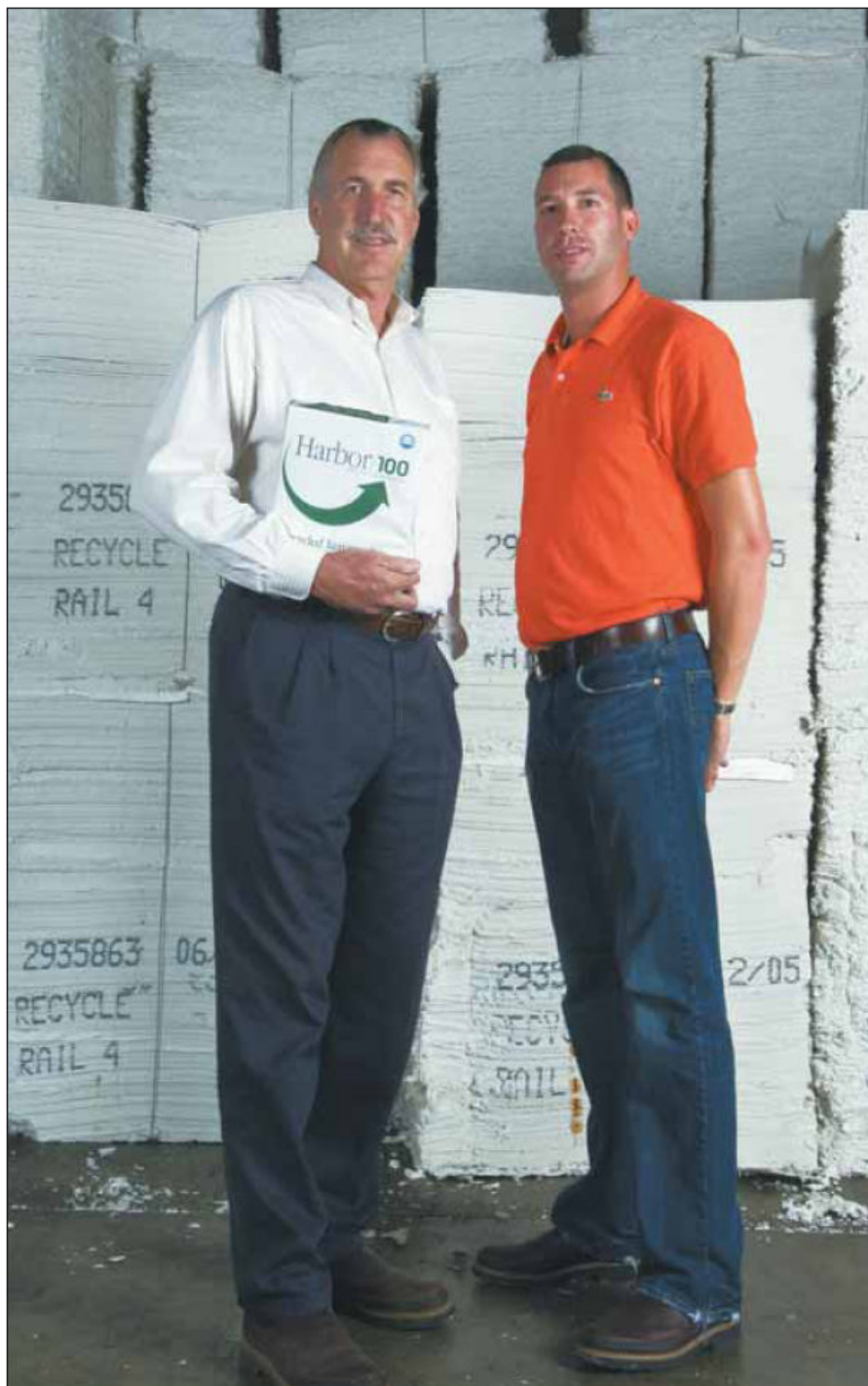


# Sustainable Industries

JOURNAL NORTHWEST

## Industrial Evolution



Hoquiam, Wash., native Bill Quigg (left), pictured with his son David, bought the town mill in 1993, months after it was shut down.

### Grays Harbor Paper greens a blue-collar town

BY MICHAEL BURNHAM

Standing 6 feet, 8 inches tall, Bill Quigg, president of Grays Harbor Paper, is big — really big.

So are his business plans.

His Hoquiam, Wash.-based mill makes about 450 tons of paper daily, including Harbor brand paper with either 40 percent or 100 percent post-consumer content. Still, the mill's paper sales end at the banks of the Mississippi River and constitute just 1 percent of the uncoated free-sheet market in the United States. The mill doesn't sell directly to consumers, and its marketing department consists of one person, Quigg's son David.

"We're the greenest white paper mill in America," contends Bill Quigg, whose carbon-neutral mill produces 60 percent of its energy on site in wood-chip boilers. "We measure this by what we make and how we make it.

"Problem is, nobody knows about us," he adds.

If they did, Bill Quigg would make his Harbor 40 and Harbor 100 products — which now compose less than 10 percent of the mill's output — his top-selling papers. He'd use the rail and highway access from his mill to ship his Harbor products up and down the West Coast initially and the entire country eventually. He'd hire trucks to drive off with reams of new paper and back with tons of recycled paper that would be turned into new products. He'd build a recycled pulp mill on the property's football-sized gravel lot. He'd add a generator to make enough biomass-fueled electricity on site to operate the entire mill and sell excess energy to western Washington customers.

But it's not easy being small. The investments would cost tens of millions of dollars, investments only big companies like Weyerhaeuser can make.

"The difficulties? Capital is 99.99 percent of it," adds 30-year-old David Quigg, who stands as tall as his father.

So in order to make reality measure up with



moxie, the big Quiggs are trying to get their company's name and paper into corporate boardrooms and city halls.

## Company town

Bill Quigg, 55, a former highway contractor and center on Gonzaga University's basketball team, bought the paper mill in 1993, just months after International Paper Co. and Rayonier Inc. closed its doors. A Hoquiam native, Bill Quigg was well aware of the mill's deep ties to the 9,000-person town; since 1929 almost everyone in town has worked at the mill or knows someone who did.

He hired 250 people, making the mill the town's largest employer once again. But he changed dramatically the way the mill did business. Its 64-year-old pulp mill used expensive softwoods and required extensive repairs. Rather than rebuild it, he razed it.

Today, the company imports most of its virgin pulp from the Northwest and all of its recycled pulp from the Midwest.

Mill revenue has been flat at just less than \$100 million annually, Bill Quigg says, but he's watching an industry in flux. Two years ago there were 16 white paper production machines located on the West Coast; today there are nine. Two are

at the Hoquiam mill. As Asian paper companies are producing more at a lower cost, U.S. companies are merging and downsizing. The little guys are looking for ways to get noticed.

The U.S. Environmental Protection Agency in

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1996 set a minimum 30 percent post-consumer procurement guideline for uncoated recycled paper. U.S.-based paper companies responded, ramping up the use of recycled content in new

paper production.

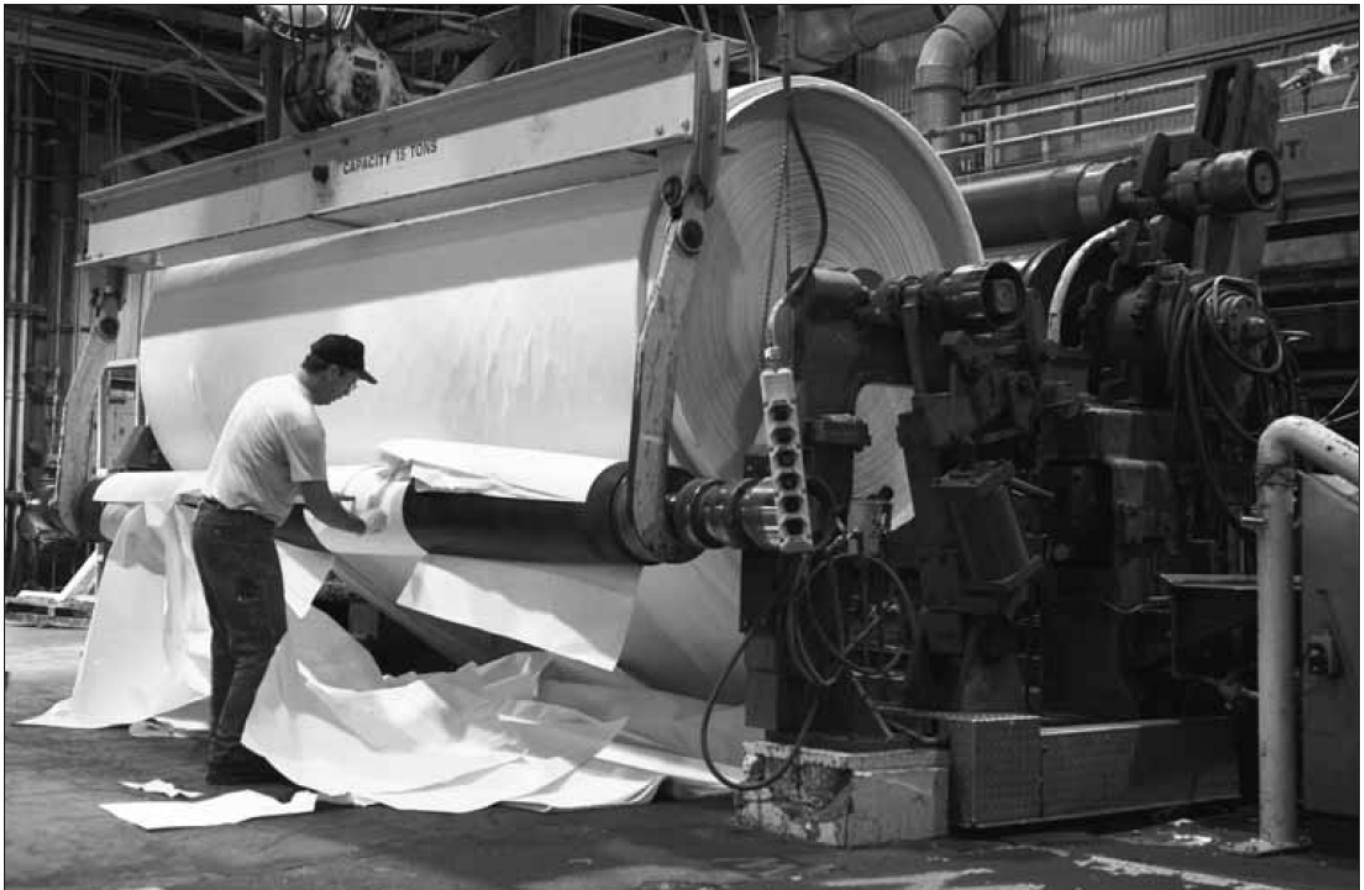
Recovery of paper and paperboard in the United States increased in 2004 to an all-time high 50.3 million tons, according to the American Forest & Paper Association (AF&PA), an industry trade group. The overall gain was driven mostly by domestic mill consumption of recovered paper, which rose 3.2 percent with the recovering economy.

Since 1990, paper recovery has increased by 73 percent, while the supply of new paper (domestic shipments plus net imports) has increased just 17 percent. One of the key reasons for the increase in paper recovery is the growing prevalence of office and home recycling bins, an AF&PA official noted. The organization has set a goal to recover 55 percent of all paper consumed in the United States by 2012.

Most large paper companies now make at least one product with 30 percent recycled content, so Grays Harbor Paper developed the Harbor 40 product. And last year, the mill developed the 100 percent post-consumer Harbor product. It makes sense, David Quigg says, because the mill was already importing all of its pulp.

"We found this niche by accident," he adds. "We're going a little greener to differentiate ourselves from the other guys."

Just a handful of mills in the nation make a



Grays Harbor Paper created 250 jobs and made the mill the town's largest employer once again. Since 1929, almost everyone in town has worked at the mill or knows someone who did.

Francis Zera

100 percent post-consumer paper product — paper that's typically relegated to desktop printing and in-house copy machine jobs. Grays Harbor Paper is looking to change that.

## Street credibility

On June 28, the Rainforest Alliance's SmartWood program certified Grays Harbor Paper as a "chain-of-custody" company, according to a letter from the New York-based environmental group. The designation enables Grays Harbor Paper to use the Forest Stewardship Council (FSC) trademark and the SmartWood logo to market its Harbor products. More than 1,200 operations in 52 countries are certified under the SmartWood program, according to the Rainforest Alliance. For its part, the Forest Stewardship Council imposes stringent criteria on timber harvesters by limiting clear-cuts and harvesting near streams.

Grays Harbor Paper officials hope to use the new FSC designation to help sell their products to large companies and municipalities that are serious about environmental purchasing. "We got to get the big guys to bite first and the rest will

follow," Bill Quigg contends.

Among the first big fish on Grays Harbor Paper's line is the City of Seattle, which already gets about 90 percent of its paper through a state contract with the mill. Seattle City Council in

**Grays Harbor Paper is also developing a 100 percent post-consumer paper for Nike Inc.'s high-end color printing jobs. Said Quigg: 'People will be surprised when they try it.'**

February signed an executive order instructing all city departments (about 10,000 employees) to reduce paper use by 30 percent by the end of 2006 and purchase 100 percent post-consumer recycled paper for printing and copying. The city chose a 30 percent mark to make the initiative

budget-neutral. That is, the money the city saves from reduced paper consumption should cover the 30 percent premium of purchasing 100 percent post-consumer recycled paper, says Pat Miller, the city's warehousing services manager.

Grays Harbor Paper is now developing a higher-quality 100 percent post-consumer paper on which the city can print external documents such as utility bills. Such mailings are traditionally printed on high-quality papers that include virgin fibers, which are traditionally more effective at retaining printing properties, Miller says.

The city is also exploring whether to allow advertising on the paper packaging it gets from Grays Harbor Paper — a move that would presumably help lower the recycled paper's cost, Miller says.

"We pretty much look at (Grays Harbor Paper) as our designer mill," he adds. "They're a local mill that's willing to be flexible and offer ideas."

Bill Quigg says he hopes to forge similar supply lines with other West Coast municipalities and companies.

Grays Harbor Paper is also developing a 100 percent post-consumer paper for Beaverton, Ore.-based Nike Inc.'s high-end and color printing

jobs. As is the case for the City of Seattle, Nike's (NYSE: NKE) recycled paper would need to perform as well as paper containing virgin fibers, said Leta Winston, an environmental specialist with Nike. Inks typically haven't covered as well on the comparatively smaller fibers found in 100 percent post-consumer papers, Winston says.

"We have not finalized any relationship with [Grays Harbor Paper], but we're very hopeful," adds Winston, who notes that Nike recently printed its corporate responsibility report on the mill's Harbor 100 paper. "Their story is magnificent, so I really hope the paper works."

Bill Quigg is quick to promise it will.

"The 100 percent paper is very good," he says with a salesman's zeal. "People will be surprised when they try it."

It all goes back to the big business plan. If Grays Harbor Paper can land a supply deal with Nike, the small mill will have the credibility to get its paper into other large corporations' boardrooms, he adds. The key is finding people within the organizations who care enough about where their paper comes from.

"I want to drive this train," Bill Quigg adds, standing near mothballed railroad tracks and the vacant lot where he'd rebuild a pulp mill. "I want it to go like a son of a gun, and if one out of 100 people feels the same way, it will drive this train." ●

## Left coast, right paper

From the president's toilet paper to hall signs in the Capitol building, the federal government has made a commitment to supporting recycled-content products. For printing and writing paper, the U.S. Environmental Protection Agency recommends at least 30 percent of the fiber used in production is post-consumer recycled content. To keep other federal agencies informed about available products, EPA also maintains a database of suppliers that offer a wide range of products with recycled content, including 10 Pacific Coast companies that supply recycled-content printing and writing papers:

| Pacific Coast manufacturers | Post-consumer content |
|-----------------------------|-----------------------|
| Boise Cascade               | 30 %                  |
| Crown Vantage               | 10- 30 %              |
| Dancing Tree                | 30 %                  |
| Fort James                  | 10- 30 %              |
| Island Paper Mills          | 10 %                  |
| Moore Business Forms        | 30 %                  |
| New Leaf Paper              | 100 %                 |
| Potlatch Corp.              | 10 %                  |
| United Textile Inc.         | 100 %                 |
| Weyerhaeuser Corp.          | 30 %                  |