

# NORTH CAROLINA

## River-polluting paper plant will be sold

**Champion International's Haywood County plant is a major employer in Western North Carolina.**

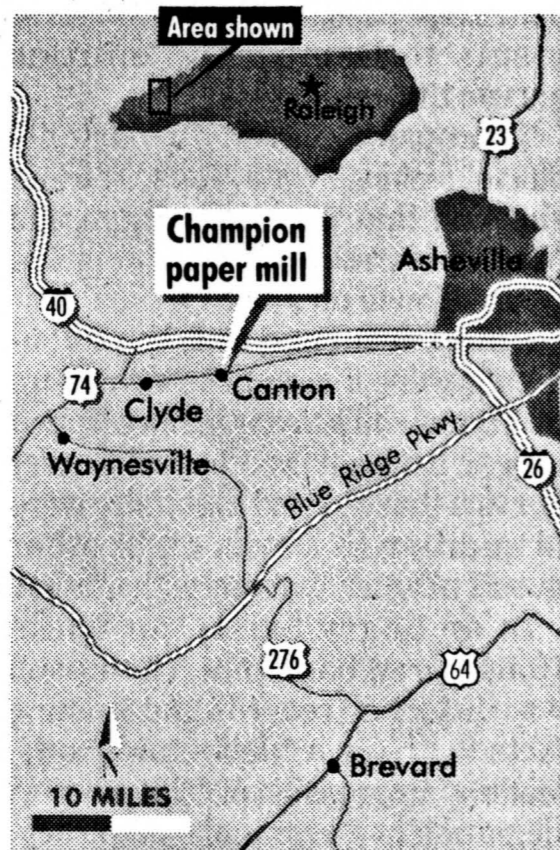
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STAFF WRITERS

**CANTON** — Champion International Corp. announced Wednesday that it will sell its Haywood County paper mill, which has long been cherished as the largest private employer in Western North Carolina but also maligned as the primary polluter of the sickly Pigeon River.

Champion, based in Stamford, Conn., said it intends to sell the Canton plant along with four other pulp and paper mills and several other businesses that last year accounted for \$1.4 billion in net sales. Nationwide, the firm plans to cut 2,000 jobs and will shed 6,200 employees who work at the divisions that are up for sale.

While the company's decision is national news, nowhere will it be felt more than in Canton, a mountain town of 3,800 people that calls itself "Papertown U.S.A." in honor of the mill that has sustained the local economy since 1908.

Champion employs 1,300 people at the paper plant and pays them handsomely: \$48,000 a year, on average, in an area where high-paying jobs have always been scarce. Some



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Haywood County's leading corporate citizen, and environmentalists who have vilified Champion for its treatment of the long-suffering Pigeon River.

The river runs clear until it enters the mill in downtown Canton, where 29 million gallons of water are sucked up each day and used to cook 4,800 tons of wood chips into bleached pulp. By the time the water is returned to the river, it has turned a rusty brown color and often smells like rotten eggs.

The polluted river flows through the Great Smoky Mountains into East Tennessee, where residents blame it for depressing the local economy and chasing away canoeists, hikers and other tourists.

Champion holds a special permit from the state of North Carolina that allows the mill to violate standards set by the federal Clean Water Act. Because of pressure from the state of Tennessee and Vice President Al Gore, however, the Environmental Protection Agency has agreed to review Champion's permit and may require it to take stricter steps to reduce the pollution. A decision is expected this month.

Environmentalists said it was unclear how the pending sale might affect the EPA's deliberations. But they said they hoped the plant's buyer would make cleaning up the river a high priority.

"A new owner could come in and be the big hero," said Senta

Scarborough, a member of the Dead Pigeon River Council, an environmental group based in Newport, Tenn. "They could be the company that cleaned up the river, which would be great publicity."

But in Canton, the biggest fear is that a new owner might cut back production and the number of jobs. "They're real worried it might be scaled back," said Sarah Hamby, who works at Skeeter's Barbecue, a favorite hangout for Champion workers.

Putting the Canton and Waynesville plants up for sale is part of a broad restructuring at Champion. The company said it would sell roughly a quarter of its business, using the proceeds to reduce debts. At the same time, Champion intends to focus on some of its more profitable lines, such as paper distribution, and get into coated papers, which are used in catalogs and magazines.

The Canton and Waynesville plants fall into the category of business that Champion no longer wants to keep. But that doesn't mean other companies wouldn't have an interest in them.

Chip Dillon, a pulp and paper analyst at New York brokerage Salomon Brothers, predicted at least three companies would take a close look at the Canton mill: Georgia-Pacific Corp., Westvaco Corp. and Weyerhaeuser Co.

Indeed, mill workers said Wednesday that Champion has

been rumored to be in talks with Weyerhaeuser, which manages a half-million acres of timberland in Eastern North Carolina and operates several pulp-and-paper plants. A Weyerhaeuser spokesman in New Bern declined to comment.

Other companies that might kick the tires, Dillon said, include International Paper Co., Temple-Inland Inc. and Jefferson Smurfit Corp.

"I think there will be a lot of interest," he said. "It's a fairly well-run mill. From an employee standpoint, they shouldn't experience too much disruption from this."

Champion's goal is to sell both Haywood County plants by next summer. Al Joyce, a company spokesman in Canton, said Champion is confident that a buyer will emerge.

"Our intent is to operate that mill" until it's sold, Joyce said. He wouldn't speculate on whether the mill would close if no deal is reached before summer.

Champion has spent more than \$300 million to modernize the plant in recent years and has substantially cut back on its water intake and color discharge into the Pigeon. In the process, the mill reduced its work force by nearly 1,000 employees.

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