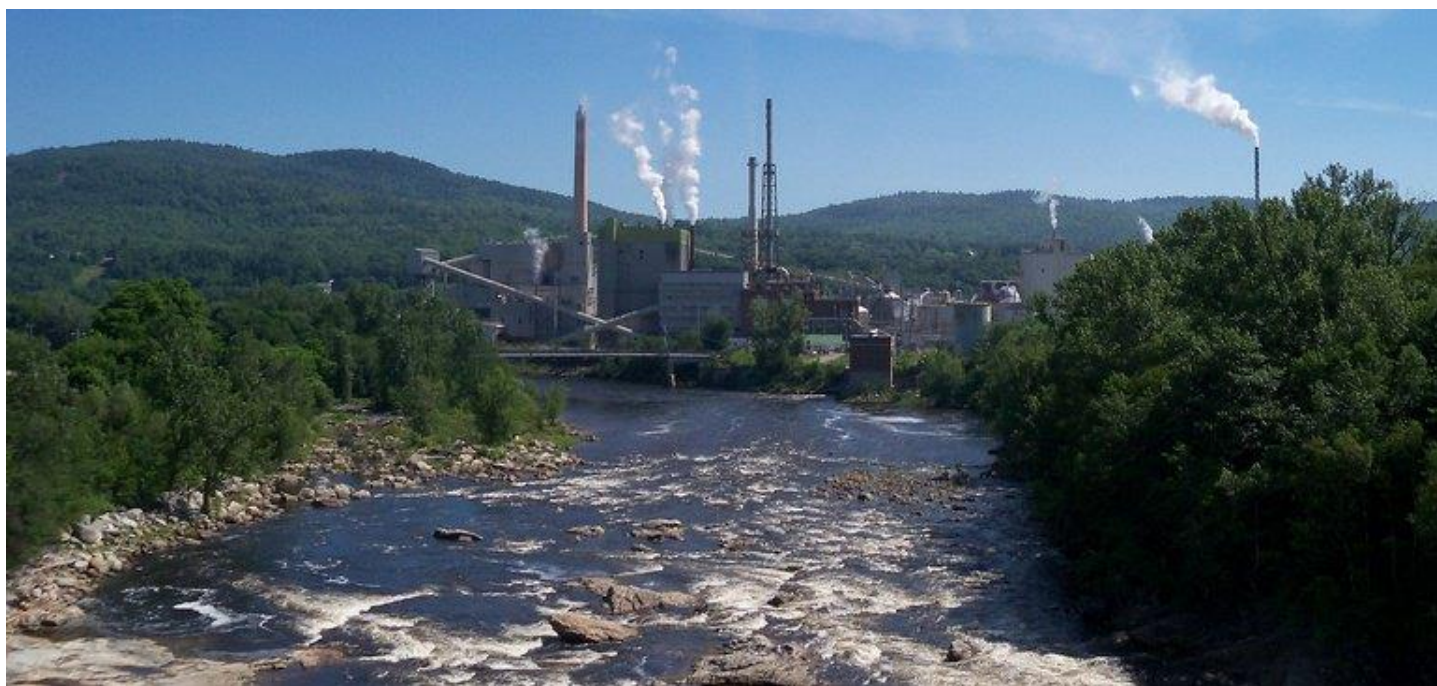


## Nine Dragons to acquire 2 US paper mills for \$175M



Credit: [AlexiusHoratius](#)

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### Dive Brief:

- Canadian company Catalyst Paper has [agreed to sell](#) two of its U.S.-based paper mills to Chinese company Nine Dragons Paper.
- Under the \$175 million agreement, Nine Dragons will acquire mills in Rumford, Maine and Biron, Wisconsin, as well as associated staff at Catalyst's U.S. operations center in Dayton, Ohio.
- The deal, which will allow Catalyst to pay off portions of its debt, is expected to close by the end of Q2, with a shareholder meeting scheduled for June 11.

### Dive Insight:

So far no plans have been announced for layoffs that would affect the approximately 1,000 employees who work at the two mills, and according to a [Nine Dragons press release](#) the deal will "invigorate the local Wisconsin and Maine economies, allowing them to stay competitive and prosper in the global market."

Although Nine Dragons has a large [focus on recycled paper](#), both of these operations are traditional pulp mills. The Nine Dragons press release indicates this acquisition will allow the company to diversify its manufacturing base and

"gain access to high quality virgin fiber, resulting in increased access to a more secure and cost-effective channel for raw material supply."

Quite a few paper mills in the U.S. have shut down over the past couple of decades due to fierce price competition from China and shrinking demand. The Rumford mill has seen [multiple ownership changes](#) in recent decades and Catalyst itself had [shut down its Snowflake recycling mill](#) in Arizona in 2012.

China's recycling import ban and tighter contamination standard has sent global recycling into a tailspin, hitting fiber particularly hard. In the short-term, this has led to a run on virgin pulp in China that [U.S. recycling executives expect will be unsustainable](#). The Nine Dragons acquisition has some in the industry speculating that Chinese investors might step in to save existing or open new U.S. paper mills, while giving the foreign owners access to new resources.

That phenomenon has already occurred on the plastics front. Earlier this year, Dylan de Thomas, VP of industry collaboration at The Recycling Partnership, told Waste Dive that "scuttlebutt in the industry is that plastics processors are moving from overseas to here in the U.S." Indeed, that has slowly come to fruition as Chinese companies open plastics recycling locations such as Shanghai-based Roy Tech Environ [opening a facility in Alabama](#) and Ecomelida opening a carton facility [in South Carolina](#).

Although Nine Dragons noted that this move will give it access to virgin materials, the company might decide to integrate some of its recycling-forward strategies at the U.S. plants or expand further if the acquisition turns out favorably. That could be a shot in the arm for the lagging paper recycling industry, which is especially important as stockpiles grow following China's import crackdowns. Such actions could have a big effect considering that fiber comprises the largest percentage of most municipal material streams.