

Domtar Espanola and the Chinese Connection

After the Sept. 6 announcement that Espanola's Domtar pulp and paper mill is closing, questions continue to be asked about Domtar's new owner, Paper Excellence. Running continuously since 1946, the Espanola mill has been shuttered within two years of the purchase. Last year, Paper Excellence shut down the Catalyst mill in Powell River, BC after over 100 years of paper production. The PE mill in Mackenzie, BC has recently met the same fate, costing 250 workers their jobs.

Founded in 2006 and purportedly run out of Vancouver, PE has been linked to Asia Pulp and Paper, a global behemoth in the forestry sector. PE CEO Jackson Wijaya is the son of Teguh Wijaya, Chairman of APP.

Although often claiming¹ to be "headquartered in British Columbia", Paper Excellence is in fact a multinational corporation which a CBC investigation has found to be run out of the offices of Asia Pulp and Paper in Shanghai, China.

Since entering the Canadian market 15 years ago, PE/APP has been allowed by Canada's Competition Bureau to purchase a number of Canadian pulp and paper companies, including Catalyst Paper in 2019, Domtar in 2021² and Resolute Forest Products in March of this year. PE/APP is now Canada's largest pulp producer.

Not a darling among environmentalists, Asia Pulp and Paper has been the focus of global campaigns by Rainforest Action Network, World Wildlife Fund and by Greenpeace, whose 2012 exposé³ found illegal logging practices in Indonesia. In 2007, APP lost the Forest Stewardship Council (FSC) designation for its products. The largest pulp and paper company in Indonesia, APP has been in the spotlight for forest fires on its concession lands which caused a haze crisis across Singapore, Malaysia and Indonesia in 2015.⁴

Perhaps not the most reliable of business partners, in 2001 APP defaulted on \$13.9 billion of debt, the largest debt default in the history of Asian markets. APP then filed for bankruptcy in the U.S.⁵

Burdened by its track record, how would a company like APP possibly be admitted to the Canadian market? Voila, the creation in 2006 of Paper Excellence, under the titular ownership of Teguh Wijaya's son, Jackson. PE takes pains to remind us that "Jackson is "the ultimate and sole owner of Paper Excellence" and that he "operates his Paper Excellence independently".⁶

A CBC investigation⁷ alleged that PE and APP were secretly coordinating supply and pricing from a common back office in Shanghai which handles both companies' legal, accounting, finance and marketing. If proven, this would place the companies in violation of Canadian

¹ PaperExcellence.com

² PaperExcellence.com

³ greenpeace.org

⁴ [The Straits Times](http://TheStraitsTimes)

⁵ wikipedia.org

⁶ PaperExcellence.com

⁷ CBC.ca

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antitrust laws. The investigation also found that acquisitions were funded in part by China Development Bank, owned by the Chinese government.

So many questions remain to be answered, among them: Was the Competition Bureau aware of the APP connection when it green-lit Paper Excellence's entry into the Canadian market? Or that funding for PE acquisitions appears to come from the Chinese government? Have we allowed the Chinese state to shutter mills in Espanola⁸, Powell River⁹ and Mackenzie¹⁰? Has foreign interference reached a whole new level? And with so much of Canada's boreal forest threatened by wildfires, should they continue under the care of PE and China?

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Ottawa
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⁸ [Pulp and Paper Canada](#)

⁹ [PaperExcellence.com](#)

¹⁰ [Paper Age](#)