

Clarion Boards Inc. sees solid future here

By Tom DiStefano, Clarion News writer

CLARION -- It hasn't been the best of times in the fiberboard business recently, but Clarion Boards, the partnership between Aconcagua Timber and Tarkett Flooring, holds great promise for both companies.

Clarion Boards general manager Jean Desautels reviewed the past and future of the firm recently at the latest in the series of Clarion University Community Breakfasts.

Desautels said the past six months have not been easy ones for Clarion Boards, but the partnership has “overcome the perfect storm.”

The fiberboard plant on River Hill was purchased by Aconcagua Timber in March of 2004, spent six months getting the plant ready after a long layoff, and resumed production in September, 2004.

But medium density fiberboard is a major raw material for the furniture industry, and that industry has been struggling the past two years because furniture makers are purchasing more and more fiberboard from China .

The Chinese do not have to abide by the same rules as manufacturers in the U.S. and can produce fiberboard much more cheaply. This has led to falling prices and more production capacity than demand in North America .

Clarion Boards strategy for dealing with Chinese competition: “not to be in the furniture industry,” Desautels said.

But conditions closer to home have also caused problems. The “Katrina effect,” interruption of natural gas supplies, has led to high energy prices. Desautels said the plant uses enough natural gas to heat the equivalent of 3,000 homes, and that is just the amount used by the regenerative thermal oxidizer (RTO) pollution control unit.

The plant responded by making modifications to reduce natural gas usage; gas prices have dropped from their peak, but the plant is investigating possible alternative to the RTO for pollution control, Desautels said, noting that burning natural gas creates carbon dioxide, a greenhouse gas.

The plant also lost the rail service provided by the Knox and Kane Railroad. The plant dealt with this by setting up reloading centers in Butler and DuBois to get its product onto rail transportation.

While many folks enjoyed the recent warm winter, the mild weather has caused problems in the hardwood supply. Muddy conditions in forests and on unpaved and primitive roads have meant less timber has been cut, reducing the amount of wood chips available.

With medium density fiberboard process down, and flooring prices up by 20 percent, Clarion Boards strategy of moving from boards for furniture to boards for flooring seems to be working.

“Our order book is full, and I feel much better about speaking here this morning,” Desautels told the audience.

Fiberboard to flooring

The Clarion Boards plan is to have the fiberboard plant produce the core of Tarkett’s laminated flooring products. The proposed flooring plant will laminate the board with top and bottom surfaces and mill it into a tongue-and-groove configuration.

These Tarkett flooring products are durable and easy to install; Desautels said his 4-year-old daughter recently drew a picture showing how it is done. “She can install that flooring,” he said.

The laminate market is expected to see 15 percent growth over the next three years, Desautels said. “We see a very bright future for our board plant here.”

Tarkett

While Aconcagua and Clarion Boards are recently-created entities, Tarkett has been around a long time, and has had a decades-old relationship with the Clarion area.

Tarkett will celebrate its 125th anniversary next year. The company was founded in Europe in 1872 and has grown into an international firm with 7,000 employees, 30 production centers and 50 sales offices. Sales are expected to hit \$2 billion worldwide by next year.

Desautels said 25 percent of Tarkett’s sales are in North America , and that is expected to grow to 40 percent in the near future.

About 90 percent of the company is owned by a French family and a U.S.-based pension fund; the other 10 percent is owned by company management.

Clarion Borough Mayor John Stroup, an executive with local flooring distributor Kraus Sorce introduced Desautels by noting that Sorce has carried Tarkett products for 30 years.

Desautels said Kraus Sorce is Tarkett’s oldest active North American customer.

And when the flooring plant goes into operation, expected to happen this time next year, local residents will be able to buy Tarkett flooring made locally.

Tarkett makes other kinds of things to walk on – Desautels said the Steelers beat the Seahawks in the Superbowl on a Tarkett “floor.” The artificial playing surface in the stadium is FieldTurf, made by a Tarkett company.

Why Clarion?

Desautels said Tarkett is building manufacturing plants in Russia , western Germany , and Clarion, Pennsylvania .

Why the Clarion area? One reason is Tarkett’s policy of manufacturing its products where they are sold. “We sell in the U.S. and we have to produce in the U.S. We’re not interested in China ,” Desautels said.

The area’s excellent workforce is a major reason for locating in the Clarion area. “I’m not saying this to be nice, but because it’s true. I see miracles done a couple of times a week,” he said.

The plant is automated and high-tech, Desautels said, and needs a specific type of workforce to handle the job.

Location is another positive aspect. “Clarion has two suburbs, New York and Chicago ,” Desautels joked.

But it wasn’t entirely a joke. Located close to Interstate 80, the plant is within a day’s drive of 40 to 50 percent of the population of North America . “ Montreal , New York , Chicago , Atlanta ...the location is perfect,” he said.

Local supplies of hardwood chips are another plus. Most flooring is made from softwoods, and using only hardwoods at the local plant will pay off over time, as hardwood fiberboard is a superior product.

Taken all together – workforce, geography, raw materials – the Clarion County location is “the only place in North American that can meet all these requirements,” Desautels said.

The new plant

Clarion Boards is making a \$40-50 million investment in the new facility, which is expected to create 90 to 100 new jobs, Desautels said.

The plant will cover 330,000 square feet, house state-of-the-art lamination and milling equipment, and is expected to be in full production by March, 2007.

It will be the third integrated laminate manufacturing site in North America .

Desautels said he expects to see additional expansions at the Clarion Boards facility as new ventures are established with new partners.

The actual process of turning medium density fiberboard is relatively simple. Two layers of special paper are laminated to the top, one layer is laminated to the bottom, and the board is cut, milled, packed and shipped.

Environmental impact

The plant will release no air pollution, Desautels said. Dust from milling and sawing is captured and recycled back to the fiberboard plant. "It's a clean and quiet operation."

An audience member asked Desautels if the wood used for fiberboard is certified by the Forestry Stewardship Council (FSC), a group that insures wood products are grown and harvested in ways that protect the environment and foster sustainable forests.

He said the fiberboard plant has some sort of certification in the past, but he wasn't sure of the current status. (There are other forestry certification groups, but FSC is perhaps the best-respected by environmentalists).

Such certification is a marketing advantage, and the firm will look into it, Desautels said. "We care about the environment and the forests."

The Tarkett laminate has a lifetime warranty, but it will wear out over time, and depending on traffic, will last at least 15 years. But the flooring is easily removed and can be recycled into more fiberboard.

The fiberboard plant ran into problems recently with a discharge of some seriously discolored water into Doe Run and the Clarion River .

Desautels said his firm takes the dark water discharge very seriously.

"We're working day and night to verify and correct the problem," he said.

The discharge was apparently caused when wood chips and dust built up in a stormwater retention pond and warm winter weather caused the material to decay and produce a dark blue stain.

Wet weather forced water from that pond into an overflow pond where a burrowing animal is thought to have caused a leak, released the dark blue water into the stream.

The discharged was not a release of chemicals from the plant, he emphasized, but was created by natural processes. At his former home in Canada , he had a small pond from which he neglected to remove fallen leaves, and this caused a similar problem.

Mutual benefits

The Aconcagua-Tarkett partnership has brought an idled plant back to life and put local people back to work and will add more jobs and economic activity with the planned flooring plant.

But local benefits don't stop there.

Clarion Boards brings about 500 visitors a year to the local facility, and some of these visitors may bring new investments to the area, Desautels said.

Associated industries – both suppliers to the plants and users of its products – may consider locating operations nearby.

Manufacturers of moldings may be interested in locating locally to use the plant's MDF products, for example, and the flooring plant will have a need for many thousands of shipping pallets each year.

Some one in the audience asked how the local community could assist Clarion Boards in its project.

It was a question that sort of stumped Desautels.

"I am surprised to see how much Clarion has been helping in our project," he said.

The community has provided excellent support and local economic development officials played a key role in helping bring in state support for the project, particularly, \$1.68 million in state loans, grants and tax credits.

"I could not ask more," Desautels said.