

NAFTA KILLED THE BOX BUSINESS IN SOUTHERN CALIFORNIA

BY **NICK SILK**
President, Advance Paper Box Co.

There used to be eight rigid paper box plants in Southern California. Then NAFTA happened. Customers began leaving the Golden State because the trade deal opened up the doors to Mexico.

Now my company, Advance Paper Box Co., is one of only three rigid box plants left standing here.

We've been around since 1922 offering a full range of packaging products for many different industries — from

cosmetic packaging and inserts to boxes and cases for pharmaceutical companies and high-end food products. We operate in the heart of Los Angeles in a manufacturing and warehouse space that covers about 500,000 square feet, and we employ around 140 workers who are proud members of Unit #60 of Amalgamated USW Local 675.

Most of these employees have been with us for 20 to 35 years, and I hope they can all be here long enough to retire from here with dignity and security. I sometimes worry about that, though, because of the changes that are taking place, including NAFTA and cheap labor in China.

I started working with Advance Paper Box about 43 years ago as a controller and became president of the company 15 years ago. In that time, I've definitely seen us navigate through some difficulties.

When the recession hit in 2008, I did everything I could to lessen the burden on our workers. I suspended my own wages for two years, and we did not ask any of our employees to take a pay cut. Since that time, things have improved. But business has never been the same as it was prior to the recession.

Many of our customers are leaving the state as fast as they can for other states and countries with cheaper labor as a result of NAFTA. And it's obvious. We recently lost our biggest customer, a multi-billion dollar audio equipment manufacturer, to Mexico. And we can't replace their business because there's no one here to replace them.

It's pretty hard to compete with cheap labor in Mexico. NAFTA was supposed to help all three countries prosper. But we've lost several million dollars in business to our southern neighbor that sits just 150 miles away.

We've worked very hard not to lay off any employees

during these setbacks, but we definitely aren't hiring any new ones. We hope the manufacturing community isn't heading into a downward spiral. Because if we don't find a way to compete with China and Mexico, we will likely end up having to be a smaller company down the line, and we won't really have a choice.

One of the ways we're trying to compete is with the purchase of robots. But we don't know how much that will help us in every division of our company. And honestly, we're not out to save money. We're out to stay alive.

I see my workers every day. They're like family. I'm concerned about all of the consolidations that are taking place in the industry, and I worry about them as I see our competitors closing their doors. I don't know what the answer is. But we have to find a better way to service our customers and compete. I'd like to keep the faith that a new trade deal will be reached so we can do that, for the sake of all of our futures.

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Nick Silk