

## Softwood deal expected by Monday

### NEGOTIATIONS | Opponents in B.C. fear a hurried agreement

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Softwood negotiators are engaged in a marathon weekend-long session in Washington in a bid by Canada and the U.S. to reach a final deal by Monday, raising alarms in B.C. that Ottawa is playing politics with Canada's \$10-billion lumber export business.

Opposition to the agreement is hardening over what forest companies say is a rush to have a deal approved by Parliament before the June 23 summer break. An unprecedented 130 companies have taken out lawsuits in the U.S. to protect their interests. In return, Ottawa has threatened to use unspecified measures to force compliance, prompting worries that the government is considering expropriating cash duties on deposits in the U.S.

A spokesman for International Trade Minister David Emerson said there is no deadline.

"Canadian officials are continuing the very detailed process of consulting with the provinces and industry, and working with the United States to finalize the text of a softwood agreement that is in the best interests of all Canadians," said Bob Klager, director of communications for Emerson.

But industry leaders say they have been told privately to expect a deal. Federal officials have collected cellphone numbers and told company heads to keep their Blackberries on all weekend.

"We have been told to make ourselves available," said Russ Cameron of the Independent Lumber Remanufacturers Association. Cameron opposes the deal, which he says will drive value-added businesses across the border.

And in an attempt to slow the process down, one of the province's leading industry lobbies, the Coast Forest Products Association, has warned negotiators it intends to oppose any deal unless issues that have so far been left out, are dealt with.

"Canada has made it clear that they are intent on negotiating a final softwood lumber agreement with the U.S. by June 11, 2006," CFA president Rick Jeffery said in a June 9 letter to Claude Carriere, deputy head of mission at the Canadian embassy in Washington. "It is our strong and broadly-held view that this is an extremely poorly thought-out negotiating strategy that hands all the leverage to the U.S."

A copy of Jeffery's letter, which was leaked to The Vancouver Sun, states that outstanding issues will have a cumulative impact on the industry, making the deal unworkable. Unresolved issues include:

n A bias favouring the export of logs to the U.S. over lumber made from those logs.

n A 25-per-cent discrepancy in shipment volumes that favours the U.S.

n Measures that would prevent B.C. from making policy or taxation changes that affect forestry.

n Unworkable running rules that will put Canadian sawmills at a competitive disadvantage.

"Without resolution of major issues . . . the coastal forest industry will oppose this agreement and its implementation and will take measures required to protect the interests of the industry, our companies and our employees," the letter states.

Jeffery also says that companies cannot accept the notion that Ottawa "will essentially expropriate a party's right to their cash deposits," a reference to draft language stating "measures could be taken" to ensure companies do not hamstring the federal government by refusing to withdraw their lawsuits.

In an interview, Jeffery said he wrote the letter so negotiators "would know with clarity what our absolute requirements in the deal are so that they are armed with that in the negotiations."

Fuelling industry worries is a concern that federal negotiators who lack an intimate knowledge of lumber market dynamics will agree to a deal that will commit the forest industry to seven years of managed trade.

"I understand the need to rush from a political standpoint but I live in a commercial world. And this is not a commercially-viable deal," said Bruce Shaw, chief financial officer of Terminal Forest Products, a private mid-sized West Coast company. "I am already unhappy with the Canadian version [developed before negotiations began]. How am I going to be comfortable with what comes out of this?"

Terminal has two softwood lawsuits active in the U.S. as protection against a being forced into accepting a negotiated deal. All parties would have to drop law suits as a condition of signing a softwood treaty. Shaw said the company is not dropping them "as it stands now."

Opposition to the deal also surfaced Friday from the Association of B.C. Forest Professionals, who said if Ottawa barter away the province's right to implement forest policies, foresters could be "handcuffed" in their attempts to deal with economic and environmental issues around the mountain pine beetle epidemic.

"We need to be adaptive. We can't allow another country to handcuff our ability to evolve our policy to things like bark beetles. We have to put the public of B.C. -- and the forests they want us to manage -- first," said ABCFP representative Dwight Yochim.

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