

# Draft softwood deal could threaten paper mill

**Julia Caranci, Alberni Valley Times; with files from Canadian Press**

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As softwood lumber talks drag on, industry officials fear the agreement could threaten coastal lumber and pulp production, including Catalyst Paper's Port Alberni paper mill.

The Port Alberni Division employs 750 people and produces directory, mechanical, specialty papers and lightweight coated paper. The mill is a major employer in the Alberni Valley.

Russ Horner, president of Catalyst Paper, was quoted in the Victoria Times Colonist over the weekend as saying the facility is vulnerable, and that if the agreement causes the closure of a sawmill in town, then that will directly and significantly affect the viability of the mill at its current size.

U.S. and Canadian representatives met over the weekend, trying to hammer out a merged draft on softwood lumber that both sides could live with.

"We were trying to get a deal over the weekend but we couldn't get there," Rick Jeffery, CEO of Coastal Forest Products Association told the Alberni Valley Times Monday. "The players are far apart on what the deal needs to look like."

Sources say the two sides are deadlocked on several key issues, including treatment of the B.C. Government's market-based timber pricing reforms.

Critics suggest the government may sign a bad deal to appease our big brother to the south.

Right now, the U.S. represents 50 to 60 per cent of the market share on the coast.

Jeffery said as the deal stands today, suppliers on the coast would not be able to ship enough products to the U.S. to compete.

There are no other readily available markets for us to utilize, said Jeffery.

"If you don't cut the logs, you don't get the chips or the pulp," Jeffery added "Manufacturing capacity goes down and logging goes down."

This in turn could affect the viability of operations in Port Alberni, including the paper mill.

Port Alberni is now one of the leading suppliers of lightweight directory paper in North America, with annual production capacity of 217,000 tonnes of lightweight coated paper and 216,000 tonnes of directory paper,.

Catalyst is the fourth largest mechanical paper producer in North America.

As the softwood battle rages on, critical issues continue to be raw log exports and retaining the capacity to support the industry.

In Port Alberni, raw log exports are a major issue. Local forest workers were out on Third Avenue last week protesting raw log exports. The workers say the logs could be processed locally.

Jeffery agrees the industry needs to be able to keep and manufacture lumber products here.

"Right now we can't because the U.S. producers have the tax advantage," he said.

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