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FORESTRY

UNION, FORESTERS WORK TO AVOID STRIKE

B.C. COASTAL INDUSTRY

By NATHAN VANDERKLIPPE
VANCOUVER • Thousands of workers in British Columbia's coastal forest products industry cast strike votes this week as their union pushes for more say in shift scheduling, better job security and beefed-up severance, laying the groundwork for a potentially costly labour dispute.

The United Steelworkers, which represents about 7,000 lumber and sawmill workers whose contract expires at midnight on June 14, presented employers with a 140 page contract this March, which had been extensively rewritten to include its demands.

Since then, the union said talks have achieved little consensus, and the head of the industry-supported Coast Forest Products Association called a strike "probable." Still, negotiators for the foresters said they remain optimistic a deal will be reached.

B.C.'s coastal foresters have long been among the province's least-efficient operators and have been especially hard-hit by low lumber prices and the 15% export duty imposed by last fall's softwood lumber agreement. Their fortunes have tumbled further in recent weeks as the surging Canadian dollar siphons even more profit from already-barren bottom lines.

As a result, "a number of coastal companies are not in the financial position to withstand a protracted strike," Salman Partners forestry analyst Paul Quinn wrote in a research note warning investors to treat West Coast timber stock with "extreme caution" until a new contract is negotiated.

Some companies — such as **International Forest Products** and **TimberWest Forest Corp.** — have strong enough balance sheets that a long walk-out would not likely cause much suffering, Mr. Quinn wrote.

But the impact could be far more severe on smaller operators and **Catalyst Paper**, which runs several mills that depend on wood products from the coastal foresters. Catalyst could be forced to make severe cutbacks to its Port Alberni and Crofton operations in as little as three weeks from the start of labour disruptions, Mr. Quinn said in an interview.

"It's potential trouble — I just want to alert people to it," he said.

In 2003, the B.C. government was forced to intervene to end a three-and-a-half-week strike at coastal foresters. It marked the first time in four decades industry and labour were unable to successfully negotiate a new contract. An imposed contract allowed companies greater flexibility in shift scheduling and contracting out, while handing the union 6% wage hikes over four years.

The industry at the time had sought a 30% reduction in costs, while the contract only delivered an estimated 10%. Now the United Steelworkers is seeking to scrape back several of its provisions, although employers say the situation has grown even more dire since the last round of negotiations.

"The forest industry cannot afford a roll-back of the things that are in current agreements," said Coast Forest Products Association president Rick Jeffery.

A labour disruption could damage the industry's attempts to rehabilitate itself — which has included shutdowns and nearly \$350-million in capital expenditures over the past four years — and make it "extremely difficult to try and attract any capital here," he said.

The industry has argued that it needs scheduling flexibility to remain competitive while the Steelworkers' position — juggling workers' shifts with 72-hour notice — is disrupting their lives.

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