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Wilson to lead special softwood talks

source: U.S. Firm on border plan

Peter Morton and Allan Woods

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WASHINGTON and CANCUN, Mexico - Michael Wilson, the Canadian ambassador to the United States, will lead a new top-level negotiating team aimed at ending the softwood lumber dispute, sources have told the National Post.

U.S. President George W. Bush will name Susan Schwab, one of his most senior trade officials, to head the American team as the two sides try once again to end the acrimonious, five-year-old cross-border battle, said the sources.

There had been speculation that Derek Burney, a former Canadian ambassador to the United States, would be named a special Canadian envoy, following reports of a secret visit he paid to the White House this month to discuss the softwood issue.

However, government sources said yesterday Prime Minister Stephen Harper wanted Mr. Wilson, a finance and trade minister under former prime minister Brian Mulroney, to personally handle the difficult and complex softwood dispute.

"Who better than Mike Wilson?" said one Canadian government official close to the dispute. Mr. Wilson became Canada's U.S. ambassador this month.

The expected head of the U.S. team, Ms. Schwab, is now deputy U.S. trade representative and a Capitol Hill veteran.

"She is very good and very knowledgeable," said one veteran U.S. trade lawyer in Washington.

Neither government would confirm the appointments yesterday.

Mr. Bush told the National Post in an interview this week at the White House that he was determined to resolve the softwood battle that has been a persistent irritant to relations between Canada and the United States.

The President and Mr. Harper also vowed at this week's summit in Cancun to put their top negotiators together in coming months.

Mr. Harper completed two days of talks yesterday with Mr. Bush and Mexican President Vicente Fox. The summit was called to discuss security and trade harmonization, but Mr. Harper said softwood, and a tough new U.S. border-security plan, took the bulk of his attention.

The Prime Minister said there is no possibility of halting the border plan, which

would require Canadians entering the U.S. to carry a passport. The new standards come into effect at the end of 2006 for air and sea crossings, and at the end of 2007 for land crossings.

"I think, at this point, we do ourselves a disservice by suggesting anything other than that we understand the security concerns behind these requirements and that we are anxious to work quickly and productively to resolve them," Mr. Harper said yesterday.

Mr. Bush defended the necessity of requiring secure documents for entering and leaving the United States, and said, "I intend to enforce the law."

However, he insisted the plan "will facilitate trade, rather than hinder it."

Fears around the program arise from the fact that only about 20% of Americans, and 37% of Canadians, have passports.

Canadian business groups have provided anecdotal evidence of U.S. tourists cancelling trips and U.S. firms scrapping conventions north of the border because of the inconvenience the restrictions will cause.

The U.S. President admitted the issue has "created consternation."

"Your Prime Minister made it very clear to me that he's very worried that such an implementation of the law on the books will make it less likely that people will want to travel between our countries," Mr. Bush said.

Mr. Bush and Mr. Harper said on Thursday that Public Safety Minister Stockwell Day and Homeland Security Secretary Michael Chertoff would meet soon to address such questions as what type of document will be required and how to minimize any negative effects.

The summit's other major concern, the softwood dispute, has remained unresolved despite appearing on the agendas of numerous summits. The conflict dates to 1981 in various guises. Since it flared anew in 2001 after a previous truce expired, the U.S. government has collected about US\$4.4-billion in duties from Canadian lumber exporters after the U.S. lumber industry successfully complained that the four major timber-producing provinces -- British Columbia, Quebec, Ontario and Alberta -- illegally subsidized their industries.

Duties were initially imposed as high as 27% but have since been cut to about 12%. There have been at least 12 legal challenges at NAFTA, the World Trade Organization and the U.S. Court of International Trade.

Ottawa is demanding the duties be returned before there is any negotiated settlement, although sources on both sides of the border are now suggesting up to half the money could stay with the U.S. industry if it pledges not to launch any more complaints for at least five years.

Key, too, is whether B.C. and Quebec industries can agree on a system of quotas or an export tax during a temporary settlement while the provincial governments change their timber management systems to more resemble a U.S.-style auction system.

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