



Softwood lumber draft plan hits snag

Feds had hoped for deal last night

But announcement could come today

Jun. 12, 2006. 01:00 AM

STEVE MERTL

CANADIAN PRESS

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VANCOUVER—Federal efforts to wrap up a softwood lumber deal with the United States by last night have apparently hit a snag, sources said.

Government negotiators talking to their U.S. counterparts in Washington twice postponed conference calls with officials from lumber-producing provinces and forest industry executives.

Those calls are now expected to happen today, the sources told Canadian Press.

It was not clear what difficulties forced Ottawa to miss its self-imposed deadline of last night to arrive at a draft text that was mutually agreeable with U.S. negotiators.

The complex deal, which runs more than 50 pages, would lift punitive U.S. duties first imposed on Canadian lumber imports in May 2002.

Instead, the Canadian government would charge an export tax at the border when lumber prices fall or provinces could choose a combination of export quotas and a small border tax.

Under the seven-year renewable agreement, Canadian companies would get back only about 80 per cent of the \$5 billion (U.S.) in duties they have paid while their American competitors would receive about \$500 million.

Opposition parties and some industry executives have criticized the fast pace the Conservative government has demanded to reach a deal with the Americans since an initial framework for a deal was announced April 27.

They're worried the rush increases the risk of cementing a flawed agreement that could hurt the Canadian lumber industry, which exports about \$10 billion a year worth of spruce, pine and fir products used mainly in the U.S. housing and renovation markets.

Sources told Canadian Press on Friday the government insisted on finalizing the text this weekend so it could pass legislation authorizing the border tax before Parliament rises June 23.

Prime Minister Stephen Harper is also scheduled to meet President George W. Bush at the White House on July 6.

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