



Friday » June
16 » 2006

U.S. must give on softwood deal, B.C. says

Province's market-based timber pricing system has to be recognized, Forests Minister Rich Coleman insists

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The United States must give if there is going to be a softwood lumber agreement, B.C. Forests Minister Rich Coleman said Monday.

Coleman acknowledged that a weekend deadline to reach a deal had passed, with the U.S. still insisting that this province's market-based timber pricing system be subject to anti-circumvention language in the softwood agreement.

Negotiations are taking place in Washington.

"That's our deal-breaker. We are saying market-based pricing has to be recognized. Period. End of story," Coleman said in an interview.

He accused the U.S. lumber industry of "playing games" in an attempt to wear Canada down over the issue.

"It doesn't matter to me whether it takes a week, 10 days, or two weeks. We are [going to get] our language."

He said a Canadian-imposed deadline to reach a deal by Sunday evening passed with the approval of Michael Wilson, Canada's ambassador to Washington, after the U.S. didn't budge.

"Until we get to any tweak in the draft, we have nothing to talk about," Coleman said.

B.C. industry leaders also reported little progress had been made on issues crucial for this province's support.

"The coastal understanding is that the U.S. and Canada are miles apart on key issues," said Rick Jeffery, president of the Coast Forest Products Association.

He said the coastal forest industry is firmly behind the province's stand.

In Ottawa, Prime Minister Stephen Harper said his draft agreement, now being challenged by a growing number of forestry firms, is still backed by provincial governments and the "vast majority" of Canadian industry executives.

He was responding to Opposition allegations that the Tory government, which was pressuring the Canadian industry during the weekend to strike a deal, is trying to ram through an unpopular accord to appease his "American idol" -- President

George W. Bush.

Harper's claim drew an immediate rebuke from one industry spokesman.

"I think that might precipitate some phone calls to him," said B.C. sawmiller David Gray, co-chair of the Free Trade Lumber Council.

"The vast majority may have supported his announcement on April 27, but as we get to see more of the details, people are re-thinking that. I think it would be a good idea if he were to get in touch with the industry. Because I think they are having second thoughts at this point."

To express their concerns over the draft documents they have seen, at least 80 Canadian lumber companies joined a U.S. Court of International Trade case during the last two weeks. As no deal can be ratified unless all lawsuits are withdrawn, companies say they are protecting their interests should Canada sign a deal they do not support.

Russ Cameron, who represents the \$2.5-billion B.C. lumber remanufacturing sector, said virtually all his members who ship into the U.S. market are opposing the deal as it now stands, and they have filed in the case to give them leverage with Ottawa.

Three major lumber companies, Canfor Corp., Weyerhaeuser Co. and Abitibi-Consolidated, have said they support the deal.

Harper, who forced a recent vote in the House of Commons that exposed the Liberals as divided on Canada's role in Afghanistan, hinted that the Tories hope to see leaderless Liberal MPs once again torn on a difficult issue.

"This is a good deal for our softwood industry, a good deal for Canada," Harper said during question period.

"That is why the vast majority of the industry supports it. It is why the provinces support it and we will wait and see what the position of the Liberal party will be when we bring the final text to the House of Commons."

Harper meets Bush on July 6, and Industry Minister David Emerson has said he would like to introduce a ways and means motion before the end of this month that would serve notice of formal legislation being tabled in the fall to implement the deal.

A ways and means motion allows the government to implement the deal, which includes provision for export taxes and the return of duties paid by Canadians to the U.S. government, retroactively to the date of the tabling, once legislation is passed in Parliament and becomes law.

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