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Ontario lobbies on lumber

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GLOBE AND MAIL UPDATE

Ottawa — The Ontario government is warning it may withdraw support for the Canada-U.S. softwood truce if Ottawa can't solve two “deal breakers” that have arisen in the rush to seal a deal before the summer break.

Ontario Natural Resources Minister David Ramsay said his province is worried because the United States is pushing for a mechanism to solve future timber disputes that would contradict the North American free-trade agreement.

Canada's understanding is that NAFTA rules stipulate that unfairly collected duties must be returned after a trade dispute is resolved in its favour.

But Ontario officials said Americans seek to set up a process for tackling future softwood battles that wouldn't return duties collected before those disputes are settled.

“That's a deal breaker as far as we are concerned,” Mr. Ramsay said.

Ontario also fears the United States wants to use this proposed dispute resolution mechanism and its rules as a precedent to solve all future trade disputes with Canada.

This would effectively bypass Chapter 19 of the NAFTA, which sets up a dispute settlement process that some U.S. business interests — including softwood lobbyists — believe gives too much power to Canadians and Mexicans.

Stephen Harper's Conservative government is rushing to wrap up a deal before the Prime Minister visits Washington in July, and before mid-term elections dominate politics in the U.S. capitol this fall.

Ontario's second major concern is that the United States is pushing to divide Canada's export quota into monthly allotments, Mr. Ramsay said. If companies don't meet their monthly share of the cap, they would lose the unused quota room, unable to carry it forward.

Ottawa doesn't need Ontario's support to sign the final version of the lumber deal reached in April.

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