

Subject: FW: Notice of Motion - Softwood Lumber - Report Councillor Crist. 2.

Date: Tue, 26 Mar 2002 10:16:07 -0800

From: Ernie Crist <CristE@dnv.org>

To: "FONVCA (E-mail)" <fonvca@fonvca.org>

CC: Mayor and Council - DNV <Council@district.north-van.bc.ca>, Directors Team <managecomm@district.north-van.bc.ca>

I received an e mail from one-time councillor Pat Munroe, an outstanding member of the previous District Council, who, during the last election, fell victim to the Concerned (for themselves) Citizens Association. I am glad to pass his comments on to you as one of best analyses of the softwood lumber issue,

Ernie Crist

-----Original Message-----

From: Pat Munroe [<mailto:pat.munroe@shaw.ca>]

Sent: Monday, March 25, 2002 6:04 PM

To: Ernie Crist

Subject: Re: Notice of Motion - Softwood Lumber - Report Councillor Crist.

Ernie,

The issue of pricing for softwood lumber should be clarified. The USA softwood industry is saying that the Canadian producers are getting an unfair price advantage by having their prices reduced by a government subsidy.

This price subsidy, which the USA industry alleges, makes the price of the Canadian product unfairly low and contrary to the agreement between the two countries.

The reason that there is the allegation of a governmentr subsidy is that the system of ownership of trees for logging in BC & Canada differs from that in the USA.

In the USA the logging rights are private and are sold on the open market, whereas, in BC & some parts of Canada the tres are on government owned lands and the rights are granted by the government to logging companies. These rights are held through a tenure system which is part of our colonial heritage.

The system in the USA means that all companies can bid on the logging rights. In Canada there is not the same competitive approach and the price paid to the government for the logging rights is up to +/-30% lower than in the USA.

It is because of this that the USA wants a +/- 30% tariff on imported Canadian softwood. That is, to put it on a level price playing field.

The tariff monies are then paid to the USA logging companies.

In this way, international companies like Weyerhaeuser can collect money in the USA for softwood which they and other companies operating in Canada are charged in tariffs. So they do not really lose. In fact they can have a gain.

Their gain can come because smaller non-interantional Canadian logging comapanies exporting to the USA cannot compete. With the +/-30% added to their export price they are unlikely to have buyers in the USA and therefore, must lower their prices. Since their costs won't allow it they are threatened with going out of business.

Companies like Weyerhaeuser can then buy them out at distress prices.

The problem is that the Canadian costs apparently are too high. That is to say, they can only be competitive if there is no tariff. The tariff would not be there if the logging companies paid a higher price to the government for the logging rights.

Why are our costs so much higher than the USA? That is what we should be looking at.

But, more importantly, why are our governments not collecting more from the logging comapanies for the logging rights.

If the cost of logging rights in BC were higher, the revenues would be here to give support to health care and other essential services.

The difference in what we are getting through the government royalties/stumpage fees and what we need to get for a level playing field, is being charged as a tariff and going to the USA and Canadian/USA logging companies.

If all this is so, our governments should be collecting increasing royalties/stumpage fees in the same amount as the tariffs?

By doing this there would not be any tariff, the companies would have to operate in a more cost-effective manner, and the additonal monies paid to our government could be used for our much depleted health and social programs.

Pat.

----- Original Message -----

From: "Ernie Crist" <CristE@dnv.org>

To: "Nathalie Valdes" <ValdesN@dnv.org>

Cc: "Mayor and Council - DNV" <Council@district.north-van.bc.ca>; "Directors Team" <managecomm@district.north-van.bc.ca>

Sent: Monday, March 25, 2002 12:04 AM

Subject: Notice of Motion - Softwood Lumber - Report Councillor Crist.

> *Notice of Motion*

>

> *Recommendations:*

>

> *That in response to a request by a District Citizen, the Council of the
> District of North Vancouver make a strong statement in connection with
the*

> *Softwood Lumber issue which should include the following*

>

> *1) a strong statement of support for the Canadian negotiating team, our
> industry and the affected citizens and their communities with copies to
go*

> *to the Federal Government, and the Provincial government*

>

> *2) An appeal to all BC Municipalities to support this initiative by the
> District of North Vancouver as spelled out in 1 mentioned above with
copies*

> *to be sent to the Governor of the state of Washington and Oregon including
a*

> *statement that the recent US decision re the Softwood Lumber issue is of
> great concern to all British Columbians and has a direct economic impact
on*

> *their BC municipalities and may have long term damaging effects on the
well*

> *being of all concerned including US communities benefiting from the export
> of American products to British Columbia.*

>

> *Rationale*

>

> *In a recent letter a District resident appealed to the Council of the
> District of North Vancouver to show support for the Canadian negotiating
> team, our industry and the affected citizens and their communities in
> British Columbia.*

>

> *Mr. Wayne Hunter of 3658 Garibaldi Drive North Vancouver has suggested
> that, in his opinion, the steps taken by the US authorities are not
> justified, that they are counterproductive, that they will create
hardships*

> *not only amongst Canadian but also; affected American citizens and their
> communities.*


>

> *Mr. Hunter in his letter has pointed out that, this is a question that
> affects each and every community and is first and foremost a question of
> principle which should be fought for.*

>

> *cc North Vancouver Chamber of Commerce*

>

 Part 1.2	Type: application/ms-tnef Encoding: base64
---	---