

USW Softwood Lumber Brief

Forest Products Matter – Our Voice
Our Solutions for Workers, Communities & Industry Stability

USW WOOD COUNCIL

The United Steelworkers (USW) represents more than 280,000 Canadian members, 40,000 of whom work in the forest industry. It is our fundamental belief that as major trading partners with highly integrated economies and similar environmental and worker safety standards, both Canada and the United States should be able to arrive at an agreement on softwood lumber trade that will not decimate a sector that provides communities across Canada with family supportive jobs. Despite decades of governments on both sides of the border boasting about reduced trade barriers, it's clear those efforts have been driven to increase corporate profit with little attention to the impact on workers and communities.

Given the desire of corporate interests to dominate these discussions over trade in softwood lumber between our two countries, and their expressed need for market security, the United Steelworkers believe the Canadian government will again attempt to negotiate a settlement with American lumber interests, despite the fact that all previous claims that the Canadian Industry is subsidized have been disproved. Simply put, it is the contention of the USW Wood Council that the Canadian Forest Products industry is not subsidized and claims by the US Coalition to the contrary are unjustified and simply false.

It is the USW's position that the current Canadian government has an opportunity to move forward and accomplish what previous Canadian governments have failed to do; negotiate a managed Trade Agreement with the United States in regard to a Softwood Lumber Agreement (SLA) that puts the needs of workers & communities before corporate interests.

After successive trade deals that have wounded workers, their families and their communities, the only thing worse than another "deal", is a deal at any cost.

The USW's requirements for any bilateral discussion aimed at negotiating an end to this trade dispute include:

- Creation of Provincial Forest-Community Restoration Funds
- Fair access to the US lumber market.
- Guarantees that Canadian producers can enjoy US lumber market access equal to that enjoyed by third country producers.

Background

During the term of the last agreement, over 100 mills have closed, tens of thousands of workers lost their employment. With impacts mostly in rural communities, there were few or no other economic drivers to mitigate the damage done by SLA.

During the term of that agreement, investment in Canadian wood manufacturing facilities dwindled. Instead many Canadian wood products manufacturing facility owners invested hundreds of millions of dollars - dollars earned by Canadian Labour - into American facilities which on one hand resurrect American rural economies, and on the other hand devastate/hurt rural communities in Canada.

During the term of the previous agreement, funds collected from the negotiated cross border measures went to provincial general revenues, and those workers and communities disadvantaged by the agreement and who were starved of tax dollars - suffered. Any agreement reached must rectify this injustice. It is in both Canada and the United States interest to ensure a reliable, accessible supply of lumber for the US housing market. Instability in trade of lumber with the US encourages more export of Canadian logs outside of North America and less domestic manufacturing capacity. This results in a growing American dependence on finished lumber products from growing overseas lumber manufacturing countries that rely on poor or non-existent safety, labour and environmental standards.

Forest-Community Restoration Funds

During the term of the agreement, as a result of export charge provisions therein, hundreds of millions of dollars flowed into provincial coffers.

This occurred as a result of lowering lumber prices, which meant that mills were not profitable, and often led to layoffs and ultimately mill closures.



With curtailed lumber production, mills were not harvesting fibre, and the Provinces were not getting the stumpage fees they had budgeted for.

As a result, this new income was treated by the provinces as a way to balance their books. On the surface it made sense from a provincial government perspective, but it also meant that those workers and communities that relied on those faltering industries were left with no incremental social safety net to assist with the growing social infrastructure deficit.

Forest-Community Restoration Funds, funded through cross border funds, would be invested in workers and communities, and in forest health to ensure future generations' ability to remain gainfully employed, in their own communities.

Administered through a small board representing workers, communities and industry, Forest-Community Restoration Funds could:

- Secure investments that result in a productive, well-trained and highly skilled workforce.
- Provide strategic investment in forest dependent communities to ensure forest dependent communities can retain and attract workers, business and investment and, where necessary, to ensure those families and local economies are able to adjust in the face of industry restructuring.
- Provide strategic incremental investment in the working forest to enhance our ability to ensure abundant, healthy forests for future generations of Forest Product workers.

Fair Access to the American Lumber Market

Forest Products manufacturing on the west coast of British Columbia has reduced dramatically.

Forest Products manufacturing in Ontario and Quebec has also seen production curtailments.

Forest Products manufacturing from Canada's most prolific lumber producing region, northern British Columbia is expected to decrease as a result of the impacts of the Mountain Pine Beetle Infestation.

With this contextual background, it may appear that an easy tweak to the expired SLA would be to address some form of quota system as the previous SLA had border adjustments related in various ways to regional lumber volumes.

Nothing could be further from the truth.

Mechanisms to restrict the flow of lumber based on regional volumes and / or some form of quota:

- Discourages efforts in coastal British Columbia to repatriate logs being shipped overseas;
- Damages investments made in eastern Canada, where long closed mills are being revitalized; and
- Deters industries from developing new softwood lumber products.



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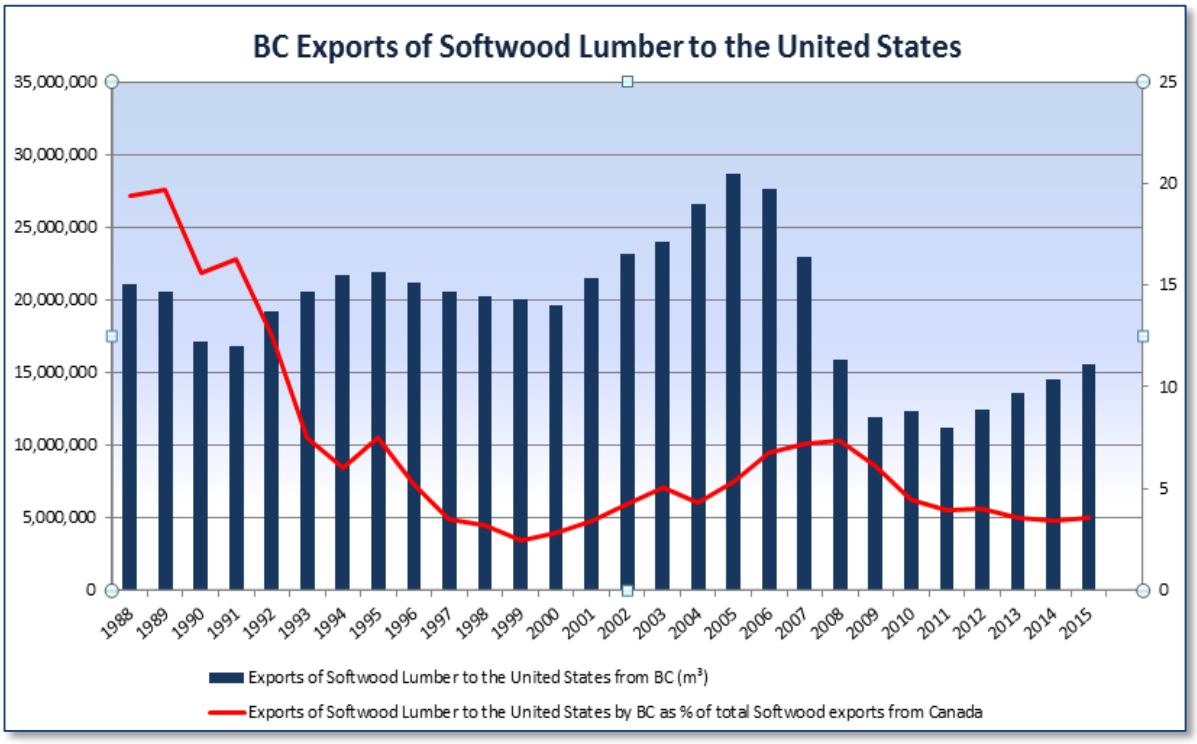
Guarantee that Canadian producers will enjoy US lumber market access equal to that enjoyed by third country producers

Canada and the United States are global leaders with respect to forest certification. No other regions on earth **have as much of their forests independently certified with 3rd party verification, ensuring their forests are harvested in an environmentally sound and sustainable manner**.



Other countries, many of which have less environmental protection, some employing currency manipulation tactics, seem to be gaining increased access to the United States market, which is an affront to hard working women and men in both the United States and Canada.

With the long and mostly friendly relationship Canada and the United States should treat each other with "Favoured Nation Status" in the lumber trade and the imports of Canadian forest products to the United States should be no more restricted than any third country importer.

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