

LETTER TO THE EDITOR

STUMPAGE RATES ON BEETLE-INFESTED TIMBER

By Rich Coleman,
Minister of Forests and Range

Sep. 2, 2005

Appeared in:

- Williams Lake Tribune
- Comox Valley Record
- Nanaimo News Bulletin

Background: Black Press writer Tom Fletcher, in an Aug. 30 column headlined “Softwood rhetoric heats up,” included the following misleading information:

With more than half of Canada's lumber exports coming from B.C., the mountain pine beetle infestation has added fuel to the dispute. B.C. is charging a nominal stumpage of 25 cents per cubic metre on beetle-killed pine in the Interior to encourage its rapid harvest, compared to normal stumpage closer to \$20 per cubic metre. (Full article below)

Dear Editor;

I am writing to set the record straight on the stumpage rates charged for Crown timber affected by mountain pine beetle referenced in your recent article “Softwood rhetoric heats up.”

The article leaves the impression that stumpage rates in the beetle-infested areas are only 25 cents per cubic metre and are set that low to encourage harvesting. In fact, 25 cents is the charge on the lowest-quality timber. Stumpage rates are based on factors including quality, species and market value.

Yet most of the trees being harvested as part of the beetle epidemic are not dead – many are green or red-attack stage trees. The price on this timber is higher because its value in the market is higher.

Average stumpage billings in beetle-infested areas range from \$10 to \$22 per cubic metre. These figures show that the price paid by licensees for beetle wood is much higher than a nominal 25 cents per cubic metre.

Williams Lake Tribune, Page 8, 30-Aug-2005

Softwood rhetoric heats up

By TOM FLETCHER Black Press

Business and governments have stepped up efforts to get the attention of the United States in the softwood lumber dispute.

As the Canadian government joined national forest industry groups in filing a lawsuit in the U.S. International Trade Court, the B.C. Chamber of Commerce attempted to warn U.S. businesses that the benefits of the North American Free Trade Agreement are in jeopardy.

The efforts follow the U.S. government's refusal to abide by a NAFTA extraordinary challenge committee that ruled unanimously the U.S. anti-dumping duties on Canadian softwood lumber exports are not justified. The U.S. government announced it was relying on a ruling from its own trade panel that supports the duties, and wouldn't be returning the nearly \$5 billion it has collected on Canadian lumber exports since 2002.

While the federal government weighed its options for trade retaliation, B.C. NDP leader Carole James urged the B.C. government to take aim at energy. On Monday, James called on Premier Gordon Campbell to suspend B.C. Utilities Commission hearings on the takeover of Terasen Gas by Texas-based Kinder Morgan.

"The premier promised a response to the Bush administration's intransigence on softwood lumber negotiations, but to date he has taken no action." James said. "My proposal offers the premier an opportunity to take a tough, measured and strategic response that says very clearly to the Americans that if they don't play by the rules they don't get a chance to buy B.C. assets."

B.C. Chamber president John Winter has written to chambers of commerce in all 50 U.S. states, urging them to write to U.S. President George Bush and ask him to uphold the U.S. commitments under NAFTA.

"NAFTA has brought a wave of economic progress unprecedented in our times, but increasing U.S. trade protectionism is putting those benefits at risk because American lawmakers are being pressured by a small U.S. softwood lumber industry to ignore NAFTA's decisions in their five-year trade dispute with Canada," Winter wrote.

With more than half of Canada's lumber exports coming from B.C., the mountain pine beetle infestation has added fuel to the dispute. B.C. is charging a nominal stumpage of 25 cents per cubic metre on beetle-killed pine in the Interior to encourage its rapid harvest, compared to normal stumpage closer to \$20 per cubic metre.

B.C. Forests Minister Rich Coleman said after the NAFTA decision that U.S. producers are worried about a "wall of wood" coming south and depressing lumber prices in the U.S.