

PROVINCE

Next week's lumber talks crucial: de Jong

VANCOUVER (CP) — The next two or three weeks will be crucial as talks to settle the Canada-U.S. softwood lumber trade dispute again stall, B.C. Forests Minister Mike de Jong said Monday.

The discussions have reached something close to an impasse over American insistence that a large percentage of Canadian publicly owned timber be sold at open auctions, he said.

De Jong said he hopes intervention by former Montana governor Marc Racicot, the new White House-appointed envoy in the dispute, will help break the logjam before a one-two punch of countervailing and anti-dumping duties further devastates the Canadian industry.

"I think the next two or three weeks are going to be instrumental in determining whether or not the basis for an agreement can be found," de Jong

said after a three-hour meeting with 250 forest industry executives, civic leaders from forest-dependent communities and environmentalists.

The Canadian government, along with delegations from lumber-producing provinces, has been holding discussions with U.S. trade officials to find a permanent solution to the dispute that has triggered four countervail actions against Canadian lumber in the last 20 years.

American producers claim Canadian softwood exports are subsidized through low provincial stumpage fees — the royalty charged for logging Crown timber. The provinces have steadfastly denied the accusation but de Jong introduced proposals earlier this month to address U.S. concerns, including what he characterizes as a more market-sensitive stumpage system.

However, de Jong said the Americans insist that U.S.-style auctions be used as the main price-setting mechanism for Crown timber.

"They remain preoccupied with the notion of timber auctions at a level I think is wholly unrealistic," said de Jong.

About six per cent of B.C. Crown timber now is auctioned and de Jong has said it could grow to 13 per cent. Both the B.C. government and the province's forest industry have rejected the idea of committing most of the wood to auctions.

Racicot could provide "a fresh set of eyes and ears" in the dispute, de Jong said, adding he hopes to meet with Racicot later this week to outline the proposed B.C. policy changes.

B.C. lumber accounts for about half the soft-

wood exports to the United States, worth about \$10 million last year.

A 19.3 per cent countervailing duty imposed on Canadian lumber in August has forced mills to close, thrown thousands out of work and dented the balance sheets of many forest companies.

The industry is bracing for another blow this week with the expected imposition of an anti-dumping duty based on allegations Canadian lumber is being sold in the U.S. market at below Canadian prices or production costs. The announcement was postponed last month and Ottawa has asked for a further 30-day delay, but de Jong said he's not optimistic.

"I have seen no evidence thus far that the (U.S.) administration will stand up to the industry coalition which is calling for that preliminary determination this week," he said.

NDP demands Liberals hold economic summit

VANCOUVER (CP) — The British Columbia government should convene an economic summit involving many segments of the population to deal with the province's problems, NDP Opposition Leader Joy MacPhail said Monday.

MacPhail and Jenny Kwan, the only other NDP MLA, called for Premier Gordon Campbell and the Liberal government to organize the summit and invite business, labour, academic, aboriginal and community leaders to advise the government on how to deal with the struggling economy.

MacPhail told reporters that "now is not the time to cast blame or point fingers," but she lashed the government for its "reckless" tax cuts that she said were partly responsible.

"Clearly, the fiscal situation of our province is serious and has been brought about by the premier's reckless tax cuts," she said.

The B.C. economy is reeling from a forest-industry slump, partly due to



MacPHAIL



COLLINS

stiff U.S. duties on softwood lumber, and reduced tourism revenue. Housing starts have declined and once buoyant consumer confidence is deflating.

MacPhail acknowledged British Columbia was not alone in experiencing fiscal and economic problems, which she said were exacerbated, not caused, by the terrorist attacks Sept. 11 in New York and Washington.

A \$2-billion deficit is forecast this year but the Liberals have promised to balance the budget within three years.

Finance Minister Gary Collins rejected the summit idea.

"(A legislature committee) is touring the province right now and meeting with labour, social advocacy groups, industry and environmental groups," said Collins.

"We're always looking for good ideas but I don't think at this point we're going to set aside the planning process for the budget and have a summit with the NDP."

Last week, a rally organized by the B.C. Federation of Labour also expressed concern about the Liberals' economic plans, which include cuts to most ministries of between 20 per cent and 50 per cent.

Federation president Jim Sinclair said then the Liberals' 25 per cent tax cut given to all British Columbians last June has not stimulated the economy and coming budget cuts threaten families and communities.

MacPhail suggested the Liberals might have to rethink the tax cuts.

Announcement



Dr. Avie Panar has relocated to the office of Dr. Andrew Tkachuk in the Foothills Shopping Centre at 4174 - 15th Ave.

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Anthrax hoax arrest made after airline flights delayed

VANCOUVER (CP) — Police in India have arrested a Delhi-based pilot in an anthrax hoax that delayed passengers and flights at Vancouver International Airport on Oct. 22, RCMP said Monday.

Police at the airport detained and questioned another man, who was travelling to Vancouver from India, after a Canada Customs check revealed an envelope in his possession containing a suspicious white powder.

The investigation has since determined that the man taken into custody here was "an unwitting participant" or victim in the hoax, RCMP said Monday.

The traveller carried an envelope that had "anthrax" written on the outside, but the white powder inside was harmless talcum powder, not the potentially deadly disease-carrying spore that has killed three people in the United States, police said.

"This (envelope) was put into his effects, unbeknownst to him," said RCMP Const. Peter Thiessen.

"The joke was actually intended to be played on a third party. He was the intermediary."

RCMP said they worked with Interpol and Delhi police to trace the envelope and the source of the hoax to India, to the pilot.

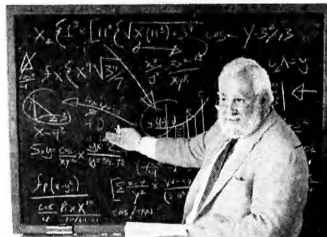
Delhi police arrested the 22-year-old man last Wednesday.

He appeared in Karkardooma court the following day charged under Section 505 of the Indian Penal Code — spreading false rumour and disturbing public tranquility.

On Oct. 22, hundreds of passengers on 10 flights from Europe and the United States waited in their planes or in a Vancouver airport holding area for more than three hours before passing through customs.

To date, there have been no confirmed cases in Canada of people getting ill from anthrax deliberately sent through the mail.

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