Forestry Workers Confront Problems in Their Sector

Canada's Economy and the Softwood Lumber Export Conundrum

The ongoing struggle to find a new direction for the economy that serves the actual producers and their communities

Forestry workers produce billions of dollars worth of softwood lumber annually of which 88 per cent is exported mainly to the U.S., China and Japan. The ownership and control of the industry is concentrated in the hands of a few who mostly have no direct connection or stake in the Canadian forestry communities except the rate of profit on their investments.
The reliance on export of softwood lumber, mainly to the U.S., means production is subject to the recurring crises in the U.S. housing market and the parasitism and decay of the U.S. financial oligarchy. The current dependence on exports over which Canada's forestry workers and communities have no control, coupled with ownership and control that views the actual producers as "costs" and "things" to be exploited when needed and discarded when markets are low, present the forestry communities with a real dilemma. How can forestry workers affirm their rights and build a life and future for themselves, their children and communities that are stable, secure and modern in all economic, political, cultural and social forms?

For the fifth time in recent memory a coalition of U.S. lumber companies is attempting to block Canadian softwood lumber exports to the United States with the aim to raise U.S. softwood lumber market prices. The U.S. International Trade Administration (USITA) gave those efforts state approval on January 6, with an initial ruling of "injury" to U.S. lumber companies from Canada's "unfair trade practices."

When the USITA imposed anti-dumping duties and countervailing duties of 20 or 25 per cent come into effect, probably in March, they will almost certainly depress Canadian production of primary and processed or fabricated softwood product, at least in the short term. U.S. importers of Canadian lumber will have to pay cash deposits to the U.S. government to cover the preliminary countervailing duties.

The USITA penalties on Canadian produced lumber will generate an overall increase in the market price of lumber throughout the U.S., which may be the primary aim of the action, especially at this time when U.S. demand is strong but supply as well is plentiful with more and more coming from Europe. U.S. demand for lumber, other than in a severe downturn, is greater than U.S. production alone can supply. Construction companies and other buyers of lumber need the quality and quantity of Canadian, and more recently European produced, lumber to meet their needs, but this need does not translate into stability for Canadian forestry communities.

This fifth deliberate attack on Canadian softwood exports to the United States together with the recurring crises in U.S. demand raise important questions for Canadian workers and their forestry communities. The U.S. market for Canadian lumber is not reliable. What then can be done to make the forestry communities viable places to live with strong diverse economies that can withstand the recurring crises arising from disruption to softwood lumber production? What new economic direction in the forestry communities is necessary that serves the people, and what social force will stand up for those communities and become a voice and leader to build the new?

The negative consequences from any disruption to forestry are significant throughout Canada where Statistics Canada reports 232,700 workers
are directly employed. Another 289,000 workers are indirectly employed in the sector in such ways as engineering, transportation, and construction, not including the support services the communities require.

Softwood lumber exports to the U.S. fell dramatically after the 2008 economic crisis. As a percentage of total Canadian lumber exports, the U.S. share reached its lowest level in 2011, accounting for only 54 per cent. China in that same year accounted for 21 per cent, but with sales to the U.S. expanding during the last five years, the U.S. market has regained its dominance. By 2015, the U.S. market accounted for 69 per cent of Canada's softwood lumber exports for which the annual market value was around $5 billion.

Tens of thousands of BC forestry workers living in 140 communities produce 50 per cent of Canada's softwood lumber exports to the United States. In order of export volume, following BC, workers produce significant quantities in Quebec, Alberta, Ontario and the Maritimes. Across Canada, forestry workers and their communities are particularly vulnerable to any downturn of softwood lumber exports or those of other forest products. The sector dominates many local economies. Forestry workers have asked the Workers' Centre of CPC(M-L) to assist in organizing and in discussing the problems facing their sector and communities. As part of this initiative Workers' Forum will regularly produce items on their organizing work and discussions dealing with their problems and a new direction for the economy.

The issues facing Canadian forestry communities are not unique; they are similar to any economy where one sector dominates, and in addition, where ownership and control are mostly concentrated outside the community and the value produced in the main sector, other than the claims of the working class, does not stay in the local community to propel forward the diversity of its economic base and guarantee the well-being, stability and security of the people.

For example, the social forces that own and control the forestry industry have used value from Canadian workers' production of softwood lumber to expand their ownership of U.S. softwood lumber production. Since 2004 in particular, value from Canadian production has been used in part to purchase and expand lumber production facilities in the United States. In ten years, Canadian-headquartered lumber companies have gone from owning two mills in the U.S. to 41. West Fraser now owns more mills in the U.S. South (15) than in Canada (13) and is the fourth largest lumber
producer in the United States. Interfor owns 13 sawmills in the U.S. -- nine in the South and four in the Northwest -- compared with only five sawmills in Canada, and has become the fifth largest producer of lumber in the U.S. Canfor Corp owns 13 sawmills in the U.S. South, one more than its Canadian total and in the process has become the seventh largest producer of U.S. lumber. The owners of those big companies, along with U.S.-headquartered Weyerhaeuser, dominate Canadian softwood lumber production and will actually see their rates of profit in their U.S. operations rise, as U.S. market prices go up in the face of U.S.-imposed duties on Canadian softwood lumber.

Instead of the value Canadian forestry workers produce going towards diversifying and strengthening their local economies to make them more diverse and less dependent on a single industry, those who own and control the dominant industry are ripping value out of the Canadian forestry communities leaving them weak and vulnerable.

*Workers' Forum* will expose this and other problems to assist forestry workers and their communities to find a new direction forward. A way forward for the forestry communities must come from the initiative of the forestry workers themselves, their supporters and allies, as they struggle to organize themselves and build their independent institutions and voice. If this is done consistently, a powerful movement to change the direction of the economy can come into being.

---

**Workers In Action to Defend Their Rights**

**Hamilton Steelworkers Rally to Defend Pensions**

Close to 100 people staged a lively rally on January 13, to defend their rights and express their determination to hold the Wynne/Trudeau Liberal governments to account. Braving the cold outside the Oakville Conference and Banquet Centre, active and retired steelworkers from USW Local 1005 demanded the provincial Wynne government enforce the law and ensure U.S. Steel or any successor company make workers' pensions whole, pay other post-employment benefits and turn Stelco back into a viable Canadian steel producer.

USW Local 1005 has long pointed out that the federal and provincial governments allowed U.S. Steel to seize control of Stelco under certain legal conditions, which it arbitrarily broke. The entire fiasco of U.S. Steel's takeover of Stelco has not been a net benefit to Canada, as required under federal law. The Trudeau government has the power to hold U.S. Steel and any successor company to account for its promises, and for the moral and legal conditions they agreed to under the *Investment Canada Act*. Nothing less than full compliance is acceptable! Both provincial and
federal Liberal governments cannot allow U.S. Steel to run off back to the U.S. as if it caused no harm, as if nothing has happened for which it must be held to account. No excuse is acceptable!

Local residents outraged at the astronomical hydro rate increases in Ontario, and others with legitimate grievances joined steelworkers outside the conference hall where Ontario Premier Kathleen Wynne was the guest speaker. They carried banners, placards and flags and greeted the arriving guests with chants expressing their determination to defend their rights and the rights of all.
On January 12, sailors, longshoremen, seaway and other workers took part in militant demonstrations against the neo-liberal Canada-European Union Comprehensive Economic and Trade Agreement (CETA). Demonstrations were held in St. John's, Montreal, Toronto, Vancouver, Victoria and Prince Rupert. In St. John's, the action was held at the constituency office of MP Seamus O'Regan. In Montreal, the action took place in front of the constituency office of Transport Minister Marc Garneau. In Toronto, workers marched to the constituency office of Foreign Affairs Minister Chrystia Freeland (who oversaw the CETA file while International Trade Minister). In Vancouver, workers protested at the constituency office of Liberal MP Hedy Fry.

---

**Vigorous Day of Action to Defend Maritime Jobs Against Neo-Liberal Free Trade with Europe**

On January 12, sailors, longshoremen, seaway and other workers took part in militant demonstrations against the neo-liberal Canada-European Union Comprehensive Economic and Trade Agreement (CETA). Demonstrations were held in St. John's, Montreal, Toronto, Vancouver, Victoria and Prince Rupert. In St. John's, the action was held at the constituency office of MP Seamus O'Regan. In Montreal, the action took place in front of the constituency office of Transport Minister Marc Garneau. In Toronto, workers marched to the constituency office of Foreign Affairs Minister Chrystia Freeland (who oversaw the CETA file while International Trade Minister). In Vancouver, workers protested at the constituency office of Liberal MP Hedy Fry.
while in Victoria the action took place at the docks in Ogden Point, and in Prince Rupert workers rallied at the Transport Canada office.

The demonstrations were led by the Seafarers International Union of Canada, the International Longshore and Warehouse Union, the International Longshoremen's Association, the Canadian Union of Public Employees and Unifor.

"Stand Up! Fight Back!" was the rallying cry as workers opposed attacks on their livelihoods and whole sectors of the economy as a result of neo-liberal supranational free trade agreements. It is estimated that more than 250,000 workers in Canada will be directly or indirectly affected by CETA.

The demonstrators denounced CETA as a deal reached in secret that serves narrow private interests at the expense of the maritime transport industry of the countries involved, the maritime workers and workers as a whole. They demanded that the Trudeau government defend the livelihoods of the Canadian maritime workers and communities.

Workers denounced in particular the opening up of cabotage rights for internal waterways to European vessels, many of whom are flying European "flags of convenience" with wages and working conditions far below the accepted standards. In Montreal, a ship inspector from the International Transport Workers' Federation spoke about the sub-human conditions that prevail on these ships, such as famine wages that are often withheld for months and lack of food.

Workers warned the Trudeau government not to adopt the Canada Transportation Act Review Report (Emerson Report) commissioned by the Harper government that advocates further deregulation and privatization of transportation services and infrastructure including ports. The report also advocates the elimination of the cabotage rules that protect Canadian maritime jobs.

Workers also denounced the reckless automation in the industry based on treating workers as a "cost" that can be reduced, to the point that global maritime companies are considering running ships on the high seas with no crews on board, jeopardizing public safety and the environment.
Victoria

(Photos: TML, SIU, Unifor, C. Carvalho, K. Risser)