



Natural Resources  
Office of the Deputy Minister

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*In Reply Please Quote Our File Number:*

January 25, 2013

Pedro Chang  
c/o Northern Pulp Nova Scotia Corporation  
260 Granton Abercrombie Branch Road  
Abercrombie, NS  
B2H 5C8

Dear Pedro:

It was a pleasure to meet with you on Monday, January 21, 2013. As you know, we are very supportive of Northern Pulp, and we sincerely hope we both enjoy the benefits of a long and prosperous future of good jobs and good business for your company in Abercrombie, Nova Scotia.

In addition to our commitment to good jobs and a strong future for Northern Pulp, we also take our responsibilities under trade agreements very seriously. Although Northern Pulp does not own and control Scotsburn Lumber, we need to ensure that any support of Northern Pulp does not indirectly support Scotsburn Lumber under the Softwood Lumber Agreement. Furthermore, we also need to consider and address other trade obligations in a prudent and considered manner. As a result, a meeting of both of our respective legal teams occurred on January 22, 2013 to discuss the best way forward. We are committed to working with you proactively on this matter.

Sec 13(1)

We have meetings with Northern Pulp's forestry staff today that will help us better understand how we can achieve specific progress without putting the trade agreements at risk.

The Province is committed to help secure a long-term and productive relationship with Northern Pulp in Nova Scotia. Below are updates and timelines. We will be working hard to further solidify deliverables and timelines before our departure to visit you in Shanghai next Friday, February 1, 2013.

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**A. Land**

1. A forestry license and utilization agreement ("FULA") for the existing commitment of 50,000 cords under the *Scott Maritimes Agreement Act* plus an additional 100,000 green metric tonnes ("GMTs") per year is under development.

Sec 13(1)  
Sec 12(1)(a)(iii)  
Sec 17(1)

2. Regarding our joint modeling exercise for sustainable forest harvest levels in Nova Scotia, your staff will have informed you of progress to date. We understand that your consultant is reviewing the data, and we would expect this exercise could be finalized within three weeks of your consultant completing his review. To the extent that additional AAC is identified that in our view can be sustainably harvested, the Province will commit up to an additional 25,000 GMT of such AAC under the FULA.

3.

Sections 13(1) and 17(1)(d)

4. The Province is in a planning process for the 555,000 acres of the former Resolute lands, combined with the previously owned provincial Crown lands in Western Nova Scotia. This will be an open and transparent process for submissions requesting access to AAC from such lands, which will include diverse uses by many stakeholders for different policy objectives, and it will involve public and aboriginal input and consultation. The processing of receiving, evaluating and accepting proposals will be approximately six months once it commences. Northern Pulp may submit proposals under this planning process.

Sec 13(1)

**B. Transportation Regulations**

5. The regulations to allow heavier payloads on highways (e.g. through lightweight quad axle self-steer trailers) as well as a transportation sector financing program for truck fleet upgrades are expected to be finalized by the end of March 2013.

**C.**

- 6.

Sections 13(1)  
and 17(1)(d)

**D. Other Projects**

- 7.

Sections 13(1) and 17(1)(d)

However, you would be eligible to apply for support under programs of general application to Nova Scotia businesses, such as the Capital Investment Incentive under the Productivity Investment Program (PIP), which contributes 20%, up to a maximum of \$1 million, toward the cost of technologically-advanced machinery, clean technology, equipment, software and hardware (subject to qualification with the requirements of and in accordance with the terms of PIP).

**E.**

- 8.

Sections 13(1) and 17(1)(d)

Once again, we really appreciate and value Northern Pulp's role in Nova Scotia, and we look forward to working very hard with you to ensuring our mutual success. We would like to propose a weekly meeting with you to update the status of the foregoing.

Sincerely,



Duff Montgomery  
Deputy Minister

**Cc: Honourable Charlie H. Parker, Minister, Natural Resources**  
**Honourable Percy A. Paris, Minister, Economic and Rural Development and Tourism**  
**Simon d'Entremont, Deputy Minister, Economic and Rural Development and Tourism**  
**Murray Coolican, Deputy Minister, Department of Energy**  
**Paul Black, Director, Policy and Community Relations, Premier's Office**  
**David MacKenzie, Senior Policy Advisor and Military Advisor, Premier's Office**  
**John Traves, Department of Justice**  
**Jeff Larsen, Executive Director, Investment and Trade, Economic and Rural Development and Tourism**