

## Leo Demoissac

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**From:** Sheila Kitz  
**Sent:** June-12-15 4:36 PM  
**To:** Leo Demoissac  
**Subject:** Fwd: Request for Order in Council Exemption - Foreign Ownership of Land Regulations

Can you add this to the pw agenda?

Sent from my iPhone

Begin forwarded message:

**From:** Janice Ryan <[janice.ryan@gov.ab.ca](mailto:janice.ryan@gov.ab.ca)>  
**Date:** June 12, 2015 at 1:07:42 PM MDT  
**To:** "skitz@county.stpaul.ab.ca" <[skitz@county.stpaul.ab.ca](mailto:skitz@county.stpaul.ab.ca)>  
**Cc:** "supham@county.stpaul.ab.ca" <[supham@county.stpaul.ab.ca](mailto:supham@county.stpaul.ab.ca)>  
**Subject:** Request for Order in Council Exemption - Foreign Ownership of Land Regulations

Ms. Kitz:

Service Alberta, Foreign Ownership of Land Administration is in receipt of an application for an Order in Council exemption from Japanese owned Hokuetsu Kishu Paper Co. Ltd. (Hokuetsu). Following are the details for the proposed transaction:

- On May 6, 1988, OC 181/98 was approved by Cabinet. This OC allowed foreign owned Alberta Pacific-Forest Industries Inc. (Alpac) to acquire 5,449.86 acres of controlled land for the purpose of constructing and operating a bleached kraft pulp and paper mill, and other facilities ancillary to the operation of the mill.
- On February 26, 2003, OC 59/2003 was approved by Cabinet. This OC allowed Alpac to lease up to 61,776 acres (25,000 ha) of controlled land for two 30 year terms, for the purpose of establishing and maintaining a poplar tree plantation. Alpac currently leases approximately 22,864 acres (9,100 ha) of land from landowners in the vicinity of the mill. In the County of St. Paul, there are currently 16 titles showing Alpac leasehold caveats registered against them.
- On November 14, 2007, OC 59/2003 was amended by OC 504/2007 to delete the 80 acre limit placed on higher quality rated land. This meant that landowners could now lease to Alpac any amount of land no matter what the rating, up to the total limit.
- Pursuant to a March 31, 2015 share purchase agreement, Hokuetsu has agreed to acquire all of the issued and outstanding shares of Alpac for the consideration of \$75 million.
- Hokuetsu is a paper manufacturer, founded in 1907. Its operations consist of four segments: printing paper, white paperboard, specialty paper and paper processing. Currently Hokuetsu purchases 4,000 metric tonnes of bleached hardwood kraft pulp, 8,000 metric tonnes of bleached chemi-thermo mechanical pulp and 10,000 metric tonnes of sodium chlorate from Alpac.

- Hokuetsu intends on continuing the operations of Alpac, which consist of the mill near Boyle, Alberta, with capacity for 65,000 metric tonnes. Historically, 85% of Alpac's production has been northern bleached hardwood kraft pulp, with the balance being northern bleached softwood kraft pulp. Alpac has access to a secure fibre supply via a long term forest management agreement with the GoA for 6.4 million hectares of forest land in northern Alberta.

Because Hokuetsu is a foreign company, not affiliated with Alpac, it must obtain its own exemption from the Foreign Ownership of Land Regulations in order to have the titled land transferred into its own name, and also to carry on with the leases Alpac has entered into with private landowners. Nothing will really change as far as the land goes because it will continue to be foreign owned/leased. The OC will carry similar conditions to those placed on Alpac.

Please advise if, from the County of St. Paul's perspective, there is any reason why a recommendation for Order in Council should not move forward for Cabinet's consideration to allow Hokuetsu to acquire the land. Your response by July 3, 2015 would be appreciated.

If you have any questions or require further information, please do not hesitate to let me know.

Thank you,

Janice Ryan, Policy Advisor  
Foreign Ownership of Land Administration  
Policy and Governance  
Service Alberta  
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