



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on International Trade

EVIDENCE

NUMBER 125

Monday, November 4, 2024

Chair: The Honourable Judy A. Sgro



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• (1105)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I'm calling the meeting to order.

This is meeting 125 of the Standing Committee on International Trade.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Monday, September 23, 2024, the committee is commencing a study of recent developments concerning the Canada-United States softwood lumber trade dispute.

We have with us, from the BC Lumber Trade Council, Kurt Niquidet, by video conference. We also have Robert Laplante, managing director, Institut de recherche en économie contemporaine, also by video conference.

Welcome to you all.

We will start with opening remarks and then proceed to rounds of questions.

You have up to five minutes, gentlemen.

Mr. Niquidet, you have the floor.

Mr. Kurt Niquidet (President, British Columbia Lumber Trade Council): Thank you, Madam Chair. I appreciate the opportunity to speak to you and the committee today.

My name is Kurt Niquidet. I am the president of the BC Lumber Trade Council, and I represent the majority of softwood lumber producers in British Columbia.

The B.C. forest sector contributes significantly to the economy. In 2022 the industry supported 100,000 jobs, contributed over \$17 billion to GDP and provided \$6 billion to government revenue. Forest products are B.C.'s second-largest export category, and B.C. is the largest lumber-producing region in Canada. We represent about 40% of our softwood lumber exports to the United States.

Since the expiration of the last softwood lumber agreement in 2016, over 10 billion dollars' worth of duties have been collected and now sit on deposit. Duties recently increased to about 14% and are projected to double next year. The duties have the effect of raising prices in the U.S., hurting U.S. consumers of softwood lumber. They also have a significant impact on the Canadian sector, lowering production and employment, which hurts thousands of communities that rely on forestry. Canada's share of the U.S. market has dropped from over 30% to around 24% today. In its place, there has

been increased U.S. production, as well as increased imports from European countries that are not subject to duties.

While the duties are unjustified and unfair, the CUSMA dispute mechanism process has been very slow and needs improvement. This long-standing fight needs to end. The B.C. industry stands shoulder to shoulder and will continue to work with governments to reach a new agreement.

Thanks very much.

The Chair: Thank you very much, sir.

Mr. Laplante, go ahead, please.

[Translation]

Mr. Robert Laplante (Managing Director, Institut de recherche en économie contemporaine): Thank you, Madam Chair.

Members of the committee, I am pleased to share with you our response as researchers from the Institut de recherche en économie contemporaine, or IREC.

For several years now, IREC has been examining the forest industry's place both within Quebec's economy and its international trade. It is truly no surprise that the issue of tariffs is once again the subject of a major dispute between the United States and Canada.

In that respect, I don't think it can be described as a true crisis. As stated by the previous witness, the imposition of these duties is certainly unjustified and, in many ways, illegitimate. However, this is not a true crisis, even if it causes significant disruption. Even if people chose to designate these disruptions as a crisis, they would still have to recognize that this is actually a trend that is characteristic of the United States' position on this matter.

In essence, we're not dealing with a problem of legal interpretation. We are in a situation of trade power dynamics. Those power dynamics can be corrected through the law. In this regard, the courts have demonstrated in the past that this perspective was justified and that Canada had every right to request remedial measures. However, the law does not remove the power dynamic. It simply shifts it.

In essence, we're faced with competition that is supported by the use of tariffs. That competition is the subject of consensus among Democratic and Republican representatives in Washington. It essentially goes back to the fact that, in previous years, we missed opportunities presented by rulings, even favourable ones.

We really must consider a major restructuring of the Canadian industry, insofar as reforms should lead the industry to better create added value. The softwood lumber crisis is very much one of production that is less and less relevant in a niche that can be replaced: commodities. We need a Canadian industry that is more focused on added value. In this regard, previous opportunities should have shown us that there needs to be a much stronger response from Canada's forestry companies.

Quebec adjusted its forestry regime to make it perfectly consistent with the requirements and expectations of our American interlocutors. However, despite those adjustments, nothing can dampen the challenges. In fact, what can dampen them is shifting the industry and our trade relationships to other niche markets, to ensure that powerful incentives support stronger industry responsiveness and divert some of the commodity production to manufactured goods with improved processing. In that respect, we have an opportunity to merge an industrial policy with our commercial interests by taking full advantage of the housing crisis, which requires a greater effort from the construction sector.

• (1110)

In addition, we should aim, through incentives and appropriate industrial policy, to have Canadian companies acquire a greater share of the domestic market for processed goods. This will allow us to better position the Canadian industry in relation to exports to the United States, but also to other markets. Our over-reliance on the U.S. market makes us doubly vulnerable. It makes us vulnerable, on the one hand, to challenges and, on the other hand, to a certain numbness in production, because the industry, which is overly comfortable in a market that is becoming too familiar, will become less responsive and, perhaps, a bit lazy.

Under the circumstances, I think we should continue efforts to correct the litigation, but we need to get out of this mess by incentivizing the industry to become more dynamic and creative. There are encouraging signs in that respect, but much greater government involvement is needed.

Thank you very much.

[English]

The Chair: Thank you very much, Mr. Laplante.

We'll go on to committee members. We have Mr. Williams for six minutes, please.

Mr. Ryan Williams (Bay of Quinte, CPC): Thank you, Madam Chair, and thank you to all our witnesses here today. This is a very important study. We're talking about the softwood lumber tariffs and their impact on the industry here in Canada. This industry employs about 400,000 people across Canada, so we have some witnesses today from certain provinces that employ quite a few members and stakeholders. After nine years and three U.S. presidents, the Prime Minister has failed to secure a softwood lumber deal, killing jobs in Canada.

To give some key stats on that from Statistics Canada, between 2015 and 2021, Canada's forestry sector experienced a decline of 90,000 jobs, from 300,000 to 210,000 positions. It was quite possibly the largest decline of any single sector in Canada. We had the Prime Minister on late night TV about a month ago, saying this was just a small issue.

Mr. Niquidet, you are representing your province. Can you tell me if this is a small issue, and what has the impact been on jobs in your province since 2015?

• (1115)

Mr. Kurt Niquidet: Thanks for the question. As I alluded to, the B.C. forest sector is very important for the province of British Columbia, so we believe it is a significant issue. The duties have had a sizable impact on the sector. There are a number of different factors, but the duties have been contributing to lower production as well as job losses. We've seen, since 2016, over 10,000 jobs lost, and that's just the direct jobs. There are spinoff effects within communities, the ripple effects that are also happening, so that just multiplies those impacts.

Mr. Ryan Williams: That's a lot of jobs—indirectly many more. These are small communities. Lots of these lumber mills and these direct and indirect jobs are in smaller communities around B.C. Is that correct?

Mr. Kurt Niquidet: Yes, really, the forest sector contributes throughout the province, but even within the Lower Mainland we find the sector has a sizable impact. However, really, in those rural communities the forestry sector, as a percentage of the employment opportunity, is just outside...and in some communities it's far and away the largest contributor to the rural economy.

Mr. Ryan Williams: You mentioned in your opening comments that we're going to see, next year, tariffs doubling or going up. Tell me about that.

Mr. Kurt Niquidet: Every year the Department of Commerce does what's called an administrative review. Just recently, this past year, in this last administrative review, we've seen duties move from about 8% to just over 15%. That was administrative review five. In terms of our early projections for administrative review six, we're expecting that duties could double again, to almost 30%, so this would take effect in August and will be devastating to the sector. This is where we feel there needs to be support for the sector going forward, and certainly for making an agreement with the U.S. a priority.

Mr. Ryan Williams: How many jobs will be lost, and how many mills will close if that tariff is doubled?

Mr. Kurt Niquidet: It's really hard to be precise at this stage, because it will depend on the broader market conditions at the time. Some of our preliminary estimates are that we could see a reduction of about 20% of the economic activity.

Mr. Ryan Williams: That's huge. That's a lot of jobs.

Mr. Kurt Niquidet: It's massive.

Mr. Ryan Williams: That's going to be....

What are your members saying? Obviously, this is going to have a major impact. Do they feel that the government's made softwood lumber a priority in terms of getting a deal done? The last prime minister got a deal done in 79 days; it's been nine years. Do you feel this government's made softwood lumber a priority in trade negotiations?

Mr. Kurt Niquidet: Yes. We've been working with the current government. Minister Ng has done a good job, she and her team, of raising this issue. We need a willing partner in the U.S. to come to the table. At the end of the day, we feel, thinking about history, that when we've actually gotten a deal, it comes from the highest levels of both governments, prime minister to president, so we think that after the election is done in the U.S., there's an opportunity to make sure we're engaging with the new administration and making this a priority.

Mr. Ryan Williams: I'm a little surprised you think it's a good job, as it has been nine years. I'm also a little surprised you think we're going to find an easier government, no matter who gets in for the election.

In terms of other markets, we depend on the Americans for what percentage of our exports for lumber?

• (1120)

Mr. Kurt Niquidet: Yes. For British Columbia I'd say that around 70% of our exports are destined for the U.S. It's probably higher for Canada as a whole. With B.C., we're situated on the west coast, and we have access to some of the Asian markets, so I think the number for Canada as a whole will probably be up over 80%, around 85%. It's our major market, and we need access to that market. They're the largest consumer of softwood lumber in the world.

The Chair: Thank you, Mr. Williams. Time is up.

Next is Mr. Miao for six minutes, please.

Mr. Wilson Miao (Richmond Centre, Lib.): Thank you, Madam Chair.

Thank you to both our witnesses for joining us virtually today. It is an important study we are doing right now.

The Canada-U.S. softwood lumber dispute has become one of the most enduring trade disputes between both nations. Over the past 25 years, the United States lumber industry has frequently sought U.S. government restriction on Canadian softwood lumber imports through the application of U.S. countervailing duty and anti-dumping laws.

What do you suggest would be helpful for a Canadian official in potential negotiation?

I will start with Mr. Niquidet.

Mr. Kurt Niquidet: I think the key thing we've been stressing is that this really harms the U.S. consumer. Any of these restrictions are driving up the cost of lumber in the U.S., and they have an affordability challenge, a housing affordability issue, so that's very important.

The other thing is the duties on deposit. Over 10 billion dollars' worth of duties has been collected thus far, and it's sitting on de-

posit. In the past, in past agreements, we've used those dollars to grow the market. Softwood lumber is a renewable, sustainable product that, if you compare it to other materials, has a lower carbon footprint, so there's an opportunity for both sides to use those funds strategically to grow the overall market.

Mr. Wilson Miao: On that, what do you believe is the main challenge in resolving this dispute? What do you believe an agreement with the U.S. that will benefit the Canadian softwood lumber industry should look like?

Mr. Kurt Niquidet: I think the main barrier has been the U.S. industry. They're looking for restrictions on flows to the U.S. to drive up prices, which benefits them. In any sort of agreement, the way U.S. trade law is structured, they need to get buy-in from the U.S. industry for any sort of agreement. I think probably one of the bigger barriers is getting the U.S. industry to come to the table and sign off on any sort of agreement.

I think we have good precedents in the past and some of the past agreements looking for a long-term deal. There are different types of border measures that could be applied. Then, as I mentioned before, the deposits can be used in a strategic manner.

I think a long-term agreement is good, because what we need on both sides of the border is certainty—greater certainty around the softwood lumber trade and the use of duties to grow the market for softwood lumber. That's going to, I think, achieve objectives that both parties are interested in.

Mr. Wilson Miao: Thank you.

Mr. Laplante, do you have anything to add to this?

[*Translation*]

Mr. Robert Laplante: Essentially, the difficulties we're experiencing with the sawmill sector in the United States, in particular, stem from the United States' alignment with the trade doctrines of both parties vying for American governance. The protectionist current, which is strong, favours the U.S. industry.

We need to find a path towards reconciliation by suggesting to our American interlocutors that they adopt conventions that will define what reasonable volumes could be protected on both sides of the border. That's assuming, of course, that our negotiators are able to bring industry to the table. For the time being, however, they have no interest in doing so.

The idea of collecting deposits is probably the most appealing, inasmuch as we could use it to otherwise support the strategy of resisting that challenge, inviting businesses to subscribe to productivity improvement programs.

• (1125)

[*English*]

Mr. Wilson Miao: Thank you.

The Chair: Thank you very much.

We'll move on to Mr. Savard-Tremblay for six minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ): Thank you, Madam Chair.

Thank you to all the witnesses for their opening remarks.

Mr. Laplante, I'd like to know whether I am summarizing your remarks by saying that, ultimately, the situation we're currently experiencing with the United States is a vast array of missed opportunities.

Einstein said that insanity is doing the same thing over and over and expecting a different outcome. The Americans are anything but crazy, but they do keep losing their cases. Their true calculus is happening elsewhere—undermining our competitiveness, delaying our modernization and putting us in a loss position while the case drags on, even though they know, and fully expect, that they will eventually lose.

You said yourself that the Quebec regime was specifically designed to comply with free trade. So I wonder how it remains unacknowledged to this day.

In addition, your colleague said that the dispute settlement mechanism hadn't really been called into question and hadn't been sufficiently overhauled in the Canada—United States—Mexico Agreement, or CUSMA.

You also mentioned construction and industrial policy. What would be the purpose?

Would it be diversifying markets or would it be another way of investing more in the domestic market?

What are the advantages of using wood more than concrete, for example? It seems like a green material to me. Moreover, the forest industry is no longer as portrayed in the film produced by Richard Desjardins. There have been significant changes.

I'm opening up a number of avenues for discussion so you can flesh out your opening remarks.

Mr. Robert Laplante: Thank you, Mr. Savard-Tremblay.

Indeed, the Americans know that the law is not on their side and that they are going to lose. Their goal lies elsewhere. Their real objective is to take advantage of these disputes to put Quebec and Canadian industries on the defensive by depriving them of considerable sums that could be used to improve their productivity and modernize equipment.

In that context, I think the way forward is to incentivize Canadian industries to switch niches. We have to lead them elsewhere, to high value-added sectors. To do so, we have a major opportunity, which is the response we must summon to the housing crisis—which will necessarily require more and more construction. If, on the one hand, we have a set of industrial policies that make greater

use of wood as a material, and, on the other hand, if we support the industry to produce more than just commodities and inputs into the supply chain, we will embark on a path that will give the industry the momentum it lacks.

This effort must also be coupled with a push for market diversification. Dependence on the U.S. market is a major factor in weakening our exports and our industry. The truth is that its potential is poorly served by this dependence on this market.

We now have an opportunity to propose a comprehensive response that is not just a wait-and-see approach, limited to being patient while we wait for dispute resolution mechanisms to prove us right. Instead, we need to take a much more active role. We should have a more proactive response and implement a comprehensive and integrated response in all available public policy spaces. We did it for the automotive industry, in which billions of dollars were invested. We could do the same for the forestry industry, as long as that industry is not perceived as solely dependant on export markets.

• (1130)

Mr. Simon-Pierre Savard-Tremblay: You mentioned diversification. We are entering an era of trade and geopolitics that is not too dangerous in some parts of the world. We know that not everyone can be considered—I'll say this politely—a reliable and rules-compliant trading partner. Which region do you think we should be looking at?

Mr. Robert Laplante: Situations are extremely fluid. No one can predict how things will evolve over the next 20 years. One thing is certain: The housing crisis is also hitting Europe hard. European economies are going to need materials to support efforts that governments are forced to make. I think we can look carefully at interesting collaborations and breakthroughs in the European market, which does not exclude Asian markets. However, Asian markets are going to present much more complicated situations because of China's trade practices, which aim to create barriers for other Asian countries that might also be tempted to reduce their dependence on Chinese trade.

One does not exclude the other, but, in terms of weighting, our effort should focus on European markets, which are solvent markets, and we should make a greater effort to improve the housing stock.

[*English*]

The Chair: Thank you very much, Mr. Laplante. I apologize for having to interrupt. Thank you.

Mr. Desjarlais.

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Madam Chair. I want to thank the witnesses for being present with us today.

I want to just pick up in some regard on some information that was presented by Mr. Laplante in his opening testimony.

Before I get there, I want to focus on Mr. Niquidet, if you may respond to the following questions.

You heard some of the opening testimony by Mr. Laplante. Part of that testimony involved two incredibly important pieces that I want to address today in regard to the softwood lumber dispute in the United States.

One is the particular situation of productivity today.

What is the productivity like within the membership you represent and many of the members there?

There are many factors that I'm sure impact productivity in terms of climate, policy and even just wages.

What is the productivity like for employees there, and how are workers experiencing that job today?

Mr. Kurt Niquidet: The sawmills in British Columbia are very advanced. We utilize some of the best technology in the world. I think Canadian technology in general for softwood lumber production is known for being very advanced.

As a result, we have very highly productive sawmills and, as a result, we're able to pay high wages. These are really good jobs. If you look at some of the recent stats that we've produced, where average wages in British Columbia were in the \$60,000 to \$70,000 range, we're well up over \$100,000.

These are good, family-supporting jobs throughout the province. A lot of that has to do with the productivity of the sawmills. That's why they're able to pay those wages.

• (1135)

Mr. Blake Desjarlais: Thank you so much, Mr. Niquidet.

That's probably the most important piece to me in this. It's making sure that Canadian jobs are protected and Canadian families get what they need, so they can put food on the table and continue to do the hard work of building up our economy.

My concerns, of course, come from the very unique perspective or frame that if we're going to organize our economy, like Mr. Laplante suggests, which I agree with, we do need an industrial policy that looks at our inputs and our outputs, particularly the outputs that help the public good.

As policy-makers and people who sit in the House of Commons, our job isn't necessarily to make the bottom line higher for Canada's corporations, or in some cases the multinational corporations. Our job is to make sure our economy is working for Canadians and for everyday people.

That's why I asked that question, and that is why I ask the next question.

How many of the workers that are present in B.C. or in the membership of the mills that you represent are unionized?

Mr. Kurt Niquidet: I don't have a specific figure on that. I would say the majority are unionized. It's mostly with the steel workers, but that can vary. I would suggest that the majority would be union workers.

Mr. Blake Desjarlais: Thanks so much, Mr. Niquidet.

Mr. Laplante, I wanted to give you a moment to expand on your proposal, which is a philosophical one I hope will become a manifest reality. It is related to industrial policy in Canada.

Canada, as you are well aware as an economist, is a resource-rich country. Much of our economic output and outlook is largely based on raw material production and raw material export, including softwood lumber.

You speak to a really important piece of how we can modernize our economy here in Canada and how we can become more competitive in the United States and all across the globe. That's by ensuring we have value-added products.

I come from Alberta. I come from an oil-rich province. We talk about this issue a lot. We talk about diversification of our oil. We talk about diversification of our assets. We talk about becoming more relevant and more productive and having bigger paycheques for our workers because of it.

Can you speak to why diversification is important for all of our natural resource sectors, in particular softwood lumber, as a means to increase not just wages for workers in Canada but also our production?

[*Translation*]

Mr. Robert Laplante: In essence, it's because we have this enormous wealth, the boreal forest, which is where most of the softwood stocks are. It's an extremely rich ecosystem, producing very high-quality fibres. We have an opportunity to better exploit this resource by valuing its full potential. It is all the more important to do so given that this forest resource is threatened by climate change that is causing major disruptions, which add to the economic difficulties we're experiencing as a result of the softwood lumber crisis or the fierce competition from American competitors.

Wildfires have reduced allowable cuts in several provinces. British Columbia knows a thing or two about that. Last year, Quebec experienced truly devastating forest fires, the result of which threatens the viability of a number of plants. The way to counter that threat will be to shift the effort to added value, because we'll have less wood.

So we have to extract more value from a diminished resource. This is a major strategic challenge for businesses, because there is extremely significant human capital and a skilled workforce. We must find a way to shelter them from climate disruption. In that sense, seeking added value is not a strictly economic avenue, it is also a green avenue, since we have to deal with scarcity.

• (1140)

[English]

The Chair: Thank you very much, Mr. Laplante.

Next is Mr. Martel for five minutes, please.

[Translation]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Thank you, Madam Chair.

Thank you to the witnesses for joining us today.

Mr. Laplante, I was elected in 2018, and I can tell you that, since that time, I have been continually hearing about the softwood lumber agreement. When I meet with forestry sector representatives in my riding, they tell me that it's crucial for businesses that we finally reach this agreement.

There is something I find hard to understand. When we were in power, we dealt with this situation in 79 days. Since the current government has been in power, three successive U.S. presidents have been elected, but our government has been unable to resolve this issue.

Business representatives don't talk to me about new niche markets or about reinventing themselves; they tell me that we have to reach an agreement. How is it that the issue has still not been resolved?

I'd like to hear your comments on that.

Mr. Robert Laplante: I share your frustration and theirs.

That said, there's one thing we can't ignore. Regardless of our impatience, it is dependent on the evolution of the American situation. Since those three presidents came to power, American society and economy have undergone major transformations. One of those transformations has been the effort that the government in Washington and state governments want to make to reindustrialize the United States. To do so, major public policy measures have been deployed. This also involves the activation of a much more protectionist reflex.

When we talk about the Buy American Act or the provisions—

Mr. Richard Martel: I'm sorry to interrupt you, Mr. Laplante.

Your comments are interesting, and I respect that, but if we hadn't dragged our feet on this agreement, you might be saying something different today.

Isn't that so?

Mr. Robert Laplante: I wasn't at the negotiating table, but from what I understand, one of the two parties had something to gain from dragging their feet, and I don't believe it was Canada.

Mr. Richard Martel: Mr. Laplante, I don't wish to interrupt you, but time is short.

You know that job losses in the forestry sector are a grave concern. Some businesses are even closing their doors, which can hurt certain communities.

If the situation doesn't change, what will the long-term repercussions be for workers?

Mr. Robert Laplante: The situation is extremely worrisome. Whatever indicators we choose, one thing is clear: the forestry sector is in decline. At least, that's the case in Quebec. It varies from province to province.

The industry has been in structural decline for several decades, and has failed to implement a repositioning strategy. The problems associated with the trade agreement are only part of the problems affecting this industry. As I pointed out, it occupies niches where its competitiveness is threatened by emerging economies, among other things.

• (1145)

Mr. Richard Martel: How much time do I have left, Madam Chair?

[English]

The Chair: You have about 26 seconds.

[Translation]

Mr. Richard Martel: Mr. Laplante, what is your level of confidence in the government's ability to negotiate effectively with the United States?

Mr. Robert Laplante: I wouldn't know how to characterize it. What I fear, however, is that the American protectionist effort will intensify. That's going to require Canadian negotiators and the Canadian government to find negotiating elements that will enable us to find compromises. For the moment, I don't think that's a given.

Mr. Richard Martel: Thank you, Mr. Laplante.

[English]

The Chair: Mr. Arya, go ahead for five minutes, please.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Madam Chair.

This is my 10th year as a member of Parliament. If there's one issue that has never been fully resolved and continues to be here even today, it's the softwood lumber dispute.

Mr. Laplante, you talked quite a bit about reforms to have more value-added product. You suggested shifting to a possible niche in order to revitalize the industry. You also talked about the need for an industrial policy that will give Canadian firms more share in the Canadian domestic market, and about incentivizing the industry to make it more dynamic. I will come back to you. However, if I don't have time, it would be good if you could provide us with much more detail on the reforms, industrial policy and real incentivizing that you're talking about, etc.

Mr. Niquidet, I have a quick question.

What percentage of your members in British Columbia have foreign ownership?

Mr. Kurt Niquidet: I think the overwhelming majority are Canadian-based companies with Canadian ownership. We represent small, independent, family companies, which would 100% be—

Mr. Chandra Arya: Thank you, Mr. Niquidet.

Tomorrow, a new president is going to get elected.

Do you see any change in policy depending on who comes to power, whether that's Donald Trump or Kamala Harris?

Mr. Kurt Niquidet: We've certainly seen protectionism from both parties, so it's very hard to say, but certainly the Trump campaign has been more vocal about protectionism.

Again, under both parties, we've seen similar types of policies.

Mr. Chandra Arya: Basically, what you're saying is that, irrespective of who becomes the president, this is not going to get resolved soon. We have to gear up for a new round of disputes.

Is that correct?

Mr. Kurt Niquidet: We need to make it a priority, and we need to be willing to engage and work with either administration.

Mr. Chandra Arya: Yes.

Mr. Laplante, to come back to you, are there any specific points you would like to make, whether on the reform side, on the need to shift to niche products by the industry, or on the industrial policy you talked about? Are there any particular points you wish to emphasize?

[Translation]

Mr. Robert Laplante: I'd like to focus on one of the issues in dispute that is particularly acute and sensitive, namely the price of supply.

If we want to insist on a policy aimed at encouraging companies, on a truly voluntary basis, to switch to value-added, we need to review the royalty method we demand from companies.

I have proposed, on several occasions, a reversal of the way things are done. Since fibre is so precious, we should adopt an approach whereby the less it is processed, the more it costs. This would encourage companies that want to reduce their supply costs to develop higher value-added niches, which—

• (1150)

[English]

Mr. Chandra Arya: I'm sorry; I have very limited time.

Whenever the term incentivize is used or someone says that we need to provide incentives, I get concerned, because that is asking for more taxpayers' dollars for the industry. Taxpayers have already funded quite a bit in this sector.

When you say value-added product, I think that the Quebec-based industry is adding much more value to this compared to other parts of Canada. Am I right about that?

[Translation]

Mr. Robert Laplante: This is indeed the case in several sectors of the industry. There are some very promising initiatives, particularly in the production of engineered wood and prefabricated components for construction units. This is the avenue that should be favoured, because that's how we'll be able to do more with wood species that are becoming increasingly rare.

Here's what I propose. Since wood is scarce, for it to become a source of wealth, it has to cost more.

[English]

The Chair: Thank you very much, sir.

Mr. Savard-Tremblay, you have two and a half minutes.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Mr. Laplante, earlier, you didn't have a chance to finish your answer. I'd like to give you the opportunity. I'd also like to ask you another question.

What is the advantage of using wood over other materials, such as concrete, in future constructions?

Mr. Robert Laplante: It seems to me that this is the avenue to focus on among the measures we could put in place to solve the housing crisis. We need to step up construction, and wood has exceptional properties. It will help reduce the carbon footprint of the major construction project that needs to be launched. Wood won't make this major project completely carbon-neutral, but it will still enable us to achieve a carbon footprint well below that which could be achieved with all the other materials we could use to increase Canada's housing stock.

Moreover, this fibre is not only renewable, but also has enormous potential for diversification. Today, forestry specialists no longer speak of the forest as a reservoir of fibre. Instead, they speak of the forest as a large reservoir of molecules that can be used, in particular to promote substitutes for petrochemical products. We can therefore develop xylochemistry, which is also a promising avenue.

We should therefore approach wood in terms of the challenges posed by sustainable development and the replacement of non-renewable materials with renewable ones. In this respect, Canada and Quebec are particularly well endowed, because the boreal forest, even if it has its vulnerabilities, remains a very solid base for redeveloping the new economy.

[English]

The Chair: Thank you very much.

Next is Mr. Desjarlais for two and a half minutes.

Mr. Blake Desjarlais: Thank you very much, Madam Chair, and thank you again to the witnesses for being present on this incredibly important study.

Listen, Canadians deserve an economy that works for them. It means they need a softwood lumber industry that can help deliver good union jobs, which are good-paying jobs, combat the climate crisis that we're in—Mr. Laplante has been clear about that—and bring lower prices for Canadians hoping to build a home.

These things are paramount to any economy right now. They are paramount to the United States economy; they are paramount to most developed western economies, and they are paramount to Canadians. We're experiencing one of the greatest cost of living crises we've ever seen.

What I've noticed in particular when it comes to resource development industries is this great desire to pursue that next frontier of development for products, which I'm really encouraged for and by, and also this very important need to retool our economy for the challenges Canadians are about to face. Those challenges include the climate crisis. Those challenges include affordability. Those challenges are about delivering good-paying jobs. How we get there is through an industrial strategy. How we get there is through an industrial policy that incentivizes the good members that Mr. Niquidet represents towards better, high-input products in an environment created by legislators that will deliver a lower cost of goods for Canadians while also building up more good jobs.

On the area of the value added and the innovation required on this side of things, I'm very keen to know from you, Mr. Niquidet, what your members and associate members are doing to help diversify the output products of your members. How are those products giving us, in terms of the Canadian softwood lumber industry, an advantage globally and even domestically? I think of a time when Canadians made things. We produced and invented stuff, and we sent it all over the world for everyone.

What kind of innovation is on the horizon for Canadian softwood lumber?

• (1155)

Mr. Kurt Niquidet: We're already producing a diverse array of products, and some of it depends on the species. B.C. has a number of different species, which is an advantage.

One thing that I think has a lot of potential is mass timber. Certainly, if we're wanting to build it into multi-storey homes, into bigger structures, then mass timber would be the way to go. That can mean producing it ourselves—some of our members are starting to do that—but also being the supplier to those mass timber producers. They need lumber to produce that.

The Chair: Thank you very much.

For our witnesses, the members are timed. It's difficult to interrupt, and I'm sorry, but if I don't interrupt, we're taking away another member's time.

Next is Mr. Zimmer for four minutes, please.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you, Madam Chair. It's good to be at committee.

After nine years and three U.S. presidents, Trudeau and the Liberals have failed to get a deal with the Americans on softwood lumber. Under our former prime minister, Stephen Harper, we got a deal done within 80 days of becoming a government and his becoming prime minister.

A mill manager in northeastern B.C. who wishes to remain anonymous said the main reasons mills have had to close are political decisions. The trees are still there to support a vibrant sustainable forest industry. However, they said access to those trees has been heavily restricted. The combined impact of these political decisions is estimated to have reduced the area available for harvesting by 50%, and based on where these areas are located, the impact on the annual allowable cut will be greater than 50%.

This is enough of an impact to cause the closure of two of five mills in the Peace, in my riding, costing the area \$100 million annually, and that is just in logging and hauling. That's a very limited part of what forestry impacts in my community. Some may have heard of the Prime Minister's goals of 30 by 30 and 50 by 50. There's the effect such a radical policy will have, especially on forestry.

My question is for you, Mr. Niquidet.

Will there be any forestry jobs left in northeastern B.C. if the federal and provincial governments' restrictions and closures are fully implemented?

Mr. Kurt Niquidet: Well, we certainly hope so. I think what you're referring to there are also provincial policies. Something we've been very vocal about is the need for a working forest within British Columbia. We certainly support the protection of biodiversity, but there needs to be a balance. We need to have a land base that is designated for timber production, to support jobs and communities.

Mr. Bob Zimmer: I think, too, Mr. Niquidet, the question around proper forest management....

We've seen forest fires in my community as well. What I've often heard from folks who are loggers in the areas is that these areas have often been left untouched. They're not even being properly managed, and all they do is burn. We've been affected by spruce kill and pine beetle kill as well. Instead of actually harvesting that wood, it's just left there to rot and eventually burn.

My second question, again, is for Mr. Niquidet. The Prime Minister dismissed his failures on softwood lumber as a small issue. You might have seen it on the New York talk show, when forestry and softwood lumber were referred to as a "small issue". Just weeks after, the U.S. slapped Canada with a 14.5% tariff on softwood, nearly doubling it overnight.

Since the announcement, two mills in B.C. have closed. Another mill in my community was lost after that, putting nearly 500 workers out of a job. The economic impacts are beyond \$100 million, as you just heard in my question earlier.

After nine years and three U.S. presidents, Trudeau and the Liberals have failed to get a deal with the Americans on softwood lumber. Again, we got it done within 80 days.

I hear my colleagues across the way. They throw up their hands and say it's up to the U.S. government to come up with a decision. Well, we got it done within 80 days. Obama was the president in 2015 when your Prime Minister came in. There was big fanfare that the agreement was going to get done in Ottawa. The president simply left, and no agreement was signed.

I have a simpler question, Kurt, because I think the "small issue" reference is offensive to a lot of us, where forestry is really the backbone of the British Columbia economy. Do you think the Prime Minister's failure on softwood lumber is a small issue?

• (1200)

The Chair: I'm sorry, gentlemen. I know Bob would like a response, but you know you have to watch the clock. It was only four minutes.

Mr. Sidhu, you have four minutes.

Mr. Maninder Sidhu (Brampton East, Lib.): Thank you, Madam Chair.

Thank you to our witnesses for being here on this very important study.

Of course, our government values the lumber industry and the workers, and we'll continue to support that industry. Our government has been very mindful in its deliberations when it comes to any trade negotiations. Our priority is to secure a good deal for Canadian industries and workers. I know the Conservative approach is to get a deal no matter what, and not to worry about the workers but to just get a deal done.

This is my question for the witnesses here. Would you agree that a good deal is better than a fast deal, and what would constitute a good deal, in your opinion?

Maybe we can start with Mr. Niquidet.

Mr. Kurt Niquidet: Thanks for the question.

We need to be careful. We want to make sure the terms are fair for Canada. Part of that is getting a long-term deal and making sure that we have access to a sizable portion of the U.S. market share, consistent with what we have had historically. I think those are two key components.

It is important to make this a priority and to push for a deal, but we don't want to sign on to just anything. It has to be a good deal for Canada.

Mr. Maninder Sidhu: Do any other witnesses want to respond to this question?

We know Canada has—

[*Translation*]

Mr. Robert Laplante: I agree with Mr. Niquidet. We need a fair and equitable agreement to support the development and prosperity of Canadians.

What's more, the agreement must be favourable to industries that have potential and wish to develop. In this respect, we must not conclude an agreement at any price. It must be done by prioritizing greater prosperity, i.e., by targeting fairer tariffs, and by demonstrating greater flexibility and autonomy so that companies can develop by tapping export markets.

[*English*]

Mr. Maninder Sidhu: With one minute left, I'll be really quick with this one.

As we know, Canada has many long-standing trade agreements, like CUSMA, the CPTPP and CETA, which are giving us preferential market access in the Indo-Pacific and ASEAN markets.

Besides the North American market, which markets do you believe hold the biggest potential for industry? We've heard that the

Quebec government will be reaching out to the European market, as right now it's doing roughly over \$300 million in lumber trade. It's looking at some of the European markets with the access we have through the CETA agreement.

This may be for both of our witnesses here today. Are there markets that your industry is looking at, where you can see the biggest potential?

Mr. Kurt Niquidet: I can start.

We've always had long-standing relationships with different places in the Asia-Pacific region. Certainly, with Japan, there are long-standing relationships. Really, in terms of the high-value products, they've been a source of demand. China has also been a significant place for our products. There's been a lot of competition with Russia. Then, certainly, with South Korea and India, these are all places throughout the Indo-Pacific region, I think, that have potential over the longer term.

• (1205)

The Chair: Thank you very much. The time is up.

Thank you very much to our witnesses.

I will suspend momentarily for our other witnesses to come on screen.

• (1205)

(Pause)

• (1205)

The Chair: I'm calling the meeting back to order.

We have with us on this panel, from J.D. Irving Limited, Jerome Pelletier, vice-president of sawmills and chair of the New Brunswick Lumber Producers. Welcome, Mr. Pelletier.

From W&M Enterprises, by video conference, we have Wayne Harder.

Welcome to you both.

Mr. Pelletier, we'll give the floor to you for up to five minutes please.

• (1210)

Mr. Jerome Pelletier (Vice-President, Sawmills, J.D. Irving Limited and Chair, New Brunswick Lumber Producers): Thank you very much. I would like to thank the committee for allowing me to be here today.

I represent J.D. Irving Limited, but I'm also a co-chair of the New Brunswick Lumber Producers. New Brunswick lumber producers represent 95% of the softwood lumber production in New Brunswick. We're a key part of the New Brunswick forest products value chain. We're the largest roundwood buyers for local private woodlot owners. We support thousands of employees working in the mills, as well as professional loggers, truckers and silviculture workers in all regions of the province.

The NBLP, the New Brunswick lumber producers, are the largest supplier of wood chips, biomass and sawdust, which are key ingredients in the manufacturing of the New Brunswick pulp and paper industry, as well as of pellet products. We also supply products to wood fencing manufacturing facilities as well as pellet manufacturing operations.

There are currently 40,000 registered private and industrial woodlot owners in New Brunswick. Historically, the Government of New Brunswick timber utilization survey reports that approximately 50% of the sawmill wood supply comes from private land. This makes New Brunswick the only province, with Nova Scotia, where such a large volume of logs comes from private sources. This is the primary reason that New Brunswick was, until 2017, excluded from the previous four lumber trade cases.

In 2021, New Brunswick's forest product sector generated the highest provincial GDP per capita in Canada, 56% more than the next closest province. In 2021, the New Brunswick forest product sector directly employed almost 12,000 employees. When you add in indirect and induced employment, there are over 23,000 people working in the province in the forest product sector, which is one in every 18 people in the New Brunswick workforce.

The impact of the duty imposed on the New Brunswick lumber producers significantly reduces our capacity to compete with other producers located in the northeast of the United States, Scandinavia and Europe. It also limits our ability to further invest capital in our operations, again reducing our long-term overall competitiveness.

It is interesting to note that, since 2017, the Canadian lumber industry lost almost 10% of the U.S. market share, while EU producers gained 5% during the same period of time.

As part of the trade dispute resolution process under NAFTA and CUSMA, several appeals have been filed by the New Brunswick lumber producers and other Canadian lumber companies. Although NAFTA and CUSMA direct that a final panel decision be made in less than one year, after more than five years no decision has been made. The delay has in part led to the enormous cash deposits held by the U.S. Treasury. Our view is that the NAFTA and CUSMA legal process is broken and ineffective. This leads us to believe that a negotiated settlement is the only way that we will resolve this trade case.

Based on the West Fraser and Canfor shareholders' latest annual reports as mandatory respondents for the CVD and AD administrative reviews, the total duty rate to be imposed by the U.S. Department of Commerce in August 2025 is now forecasted to be over 30%. Today the Canadian industry is paying 14% combined duty, and in 2023 the industry paid 8% combined duty. Next year's forecasted duty is quite significant.

If such duty is implemented, it will have a significant impact on Canadian production. We expect to see many curtailments that will take place all over the country that will impact mill workers but also loggers, truckers, pulp and paper mills, renewable energy manufacturing plants and mass timber and engineering wood manufacturing facilities. It will also impact the railroad companies and port activities.

Minister Ng has been active with the Canadian industry on developing a framework for the next softwood lumber agreement. The New Brunswick Lumber Producers appreciate all the efforts and focus that Minister Ng has dedicated to this important file.

● (1215)

Unfortunately, the Canadian industry is not always aligned on the negotiation strategy that Canada should adopt to resolve the current trade case. We are concerned that a small group of Canadian lumber companies may not want to resolve the current trade case in a timely manner. We believe it is important for the Government of Canada to lay the path forward to a settlement that will be accepted, maybe not by all, but by the majority of Canadian lumber producers. It is important for the survival of our industry.

The current lumber trade case between Canada and the U.S. is the fifth one in the last 40 years. In the past four trade cases, the softwood lumber dispute was resolved only when both the Canadian and the U.S. governments made it a priority. For that reason, the New Brunswick Lumber Producers respectfully ask the Government of Canada, led by Minister Ng but also by our Prime Minister, to work jointly with all parties of each province, lumber associations and lumber producers to develop a negotiation strategy and, following the U.S. election, to encourage the United States trade representative to enter into a serious negotiation to resolve these long-term issues.

The Chair: Thank you, Mr. Pelletier. I'm sorry to interrupt. The committee members have many questions.

Mr. Harder, please go ahead for up to five minutes.

Mr. Wayne Harder (W&M Enterprises): I've been a contractor for 32 years, and have 38 years in the industry.

The effect of the shutdowns has been 90% job losses in this area alone. The businesses in the area that I've spoken to have anywhere from 10% to 25% losses due to people just not spending money. It's pretty significant in our area.

Provincial legislation has definitely been a big problem. The tariffs are just the straw that broke the camel's back, so to speak. It's just unsustainable at this point.

Someone mentioned fires earlier. We've had some of the largest forest fires in B.C. here and have been able to harvest almost nothing due to permitting and an unwillingness of the government to do anything. It seems to us that it's unimportant for any politician to try to make anything happen going forward.

I think that's all I have to say.

The Chair: Thank you very much, Mr. Harder.

I will open up the floor for questions.

Mr. Zimmer, you have six minutes.

Mr. Bob Zimmer: Thank you, again.

My questions will be for Wayne Harder.

After nine years and three U.S. presidents, Trudeau and the Liberals have failed to get a deal with the Americans on softwood lumber. Harper and the Conservatives got a deal within 80 days of forming government with him as prime minister, while we see the current Prime Minister on a New York talk show, dismissing his failures on softwood lumber as a “small issue”.

I'm sure you've seen that, Wayne.

You and your wife, Marie, have worked hard for up to the last 38 years in the industry and have a business that employed hundreds of people and contributed millions to our local economy. You have employed countless apprentices, summer students and young people who are starting out in life, giving them a job and, in many cases, eventually giving them lifelong careers.

This is my first question of three. How devastating has the softwood lumber failure been for you, your business and other businesses?

Mr. Wayne Harder: It's been very significant.

Like I said, 90% of jobs were lost in my business alone. When I talked to the other contractors around, the percentages were very similar. Everybody employs a different number of people, but the percentage stays the same.

Mr. Bob Zimmer: Maybe put a value, Wayne, to your company before the closures happened. We know how many people you employed. You're a big employer in Fort St. John. The value of your business then and now, what has been that difference? Can you say that?

Mr. Wayne Harder: Yes, from 2016 would have been the high. That was shortly after the tariffs were settled. We had a few years that were good until 2018.

From then we had a downslide of 25%, just steadily down, up until the last, which was the final 90% that cut off. Are you asking dollars and cents? Is that what you're trying to ask?

• (1220)

Mr. Bob Zimmer: Yes. What's the dollar amount in the millions?

Mr. Wayne Harder: From the peak it would be \$30 million.

Mr. Bob Zimmer: Thirty million dollars.

Mr. Wayne Harder: Yes.

Mr. Bob Zimmer: Wow.

I'll move to my next question, Wayne. I know that time is short here.

In the last nine years, you know better than most that we've lost 24 mills in B.C. alone. They have been in government for nine years and there's still no softwood lumber agreement, in contrast with us, who got it done within the first 80 days. The radical Prime Minister and the radical environment minister and their close friend in B.C., Premier Eby, should be ashamed of themselves for the damage they have caused you and thousands of B.C. forestry families like yours.

This is a personal question. If the Prime Minister and his radical friends were sitting here in front of you and you were asked to fire anyone for incompetence, who would you fire in this NDP-Liberal government?

Mr. Wayne Harder: All of them.

Mr. Bob Zimmer: Well, that's a simple answer to that question.

Here's my last question, Wayne. Actually, maybe I'll slip in another one too.

The NDP-Liberal government and their provincial counterpart have done a very poor job in terms of forest management. You talked about the forest fires. I've seen you in action, really trying to mitigate some of the damage, some of the trees that have been downed, trying to do firebreaks and things like that, trying to preserve that fibre and the trees. We have seen an increase in forest fires, but we've also heard on the ground about this government's and its provincial counterpart's lack of action on forest management. Really it's been forest mismanagement. Again, the loss of timber has been incredible.

This is my third question. If people aren't logging and harvesting the wood, what do you think will happen with the loss of that good forest management that harvesting and logging provides? We know that an active forest is a healthy forest. What happens if all of a sudden there's no forestry? Is the forest healthy?

Mr. Wayne Harder: It's not at all, actually. There are forestry consultants out here. We do fire training every year for our guys. They've been telling them for the past 20 years, regarding that Donnie Creek fire, that they needed to log areas in there for firebreaks and better firefighting access to slow fires down and regenerate the areas versus old and decadent wood.

Mr. Bob Zimmer: That's right.

Mr. Wayne Harder: That was ignored for a very long time by the provincial government. That ended up being a large contributor to this 620,000-hectare fire, never mind the Red Creek and Stoddart Creek fires, which were on top of that as well.

Mr. Bob Zimmer: More trees are going to burn, in other words.

That brings me to my last question. I think I've heard from you on this question that often lands in places like Toronto or Vancouver, that you'd think there were no trees left in northern B.C. to harvest, and that's why all these closures have been happening. A 50% loss in the annual allowable cut is incredible. That's half. We used to have this vibrant forestry sector in the province. It was our best sector, our best-performing sector

This is just a super-simple question for everybody out there. Do we have sufficient trees in northeastern B.C. to continue to grow forestry in B.C.? I think with this retraction, there's a huge opportunity for this to grow. Even just in the trees that have burned, they're still harvestable.

Wayne, could you speak to that question? Do we have sufficient trees in northeastern B.C. to continue to grow forestry in B.C.?

Mr. Wayne Harder: Absolutely. I think those studies have been done. They had enough sustainable forest for four mills, I believe. We have only two left that are running now. One of them in town here doesn't even have a licence to cut. You can't get a licence to cut. That's all done on a private land base, which doesn't get regenerated. It turns into fields after.

Mr. Bob Zimmer: Thanks, Wayne.

The Chair: Thank you very much.

Mr. Sidhu, you have six minutes, please.

Mr. Maninder Sidhu: Thank you, Madam Chair.

Thanks to our witnesses for taking the time to be with us today.

We've heard about Canadian lumber being used to construct homes here in Canada. What I hear from my constituents is that we need to build homes faster. With our housing accelerator fund, we've invested over \$4 billion through municipalities to help cut red tape, so that houses can be built faster by developers and of course municipalities.

We've heard the Leader of the Opposition, Mr. Pierre Poilievre, say that he will cut this fund. Now we're hearing directly from municipalities that will be impacted, including cities like Brampton. The housing accelerator fund in Brampton will help build over 25,000 homes. In Surrey, Saskatoon, Guelph and here in Ottawa, we're hearing from the municipalities that cutting the fund will hurt homebuilding.

Coming back to the lumber industry here in Canada, the housing accelerator fund is going to fast-track roughly 750,000 homes. I think when we focus on the lumber industry here in Canada, we need to support them with local homebuilding as well. I'd like to hear from our witnesses in terms of local demand from the housing industry and how this would help them with some of the industry issues we're having and with supporting workers here in Canada.

Maybe we can start with Mr. Pelletier.

• (1225)

Mr. Jerome Pelletier: That's a good and interesting question.

Building 750,000 homes would represent roughly half of what's being built in the United States in an entire year, so it's a very significant volume. I'm convinced that the fibre, the material and the lumber are available here in Canada to be supplied to build those homes, so there are no roadblocks that I could say would prevent us from doing it with Canadian lumber.

Mr. Maninder Sidhu: Okay, that's good to hear. I mean, 750,000 is no small number, as you just said, and I think constituents in my riding and across Canada expect us to support industry and support municipalities as we build those homes, so it's unfortunate that Mr. Pierre Poilievre has already said he's going to cancel that very important program.

Coming back to lumber, I wanted to ask you about the trade agreements that we have and—whether it's through the CPTPP, CETA or CUSMA—our access to the Indo-Pacific region.

Have you thought about growing into that market? What are your thoughts? What are you hearing from stakeholders in the industry about opportunities in the Indo-Pacific region?

Mr. Jerome Pelletier: In the Pacific region.... We're located in eastern Canada and in the state of Maine, so for us it's outside of our historical markets.

Having said that, there are opportunities to sell lumber overseas, but it always comes at a cost premium for transportation, and I think we should be more focused on growing the market here in Canada and North America to avoid that extra transportation component.

Mr. Maninder Sidhu: When you talk about the local market here, where are you seeing lumber products come in from? What other countries are you seeing that are trying to come into the Canadian market?

Mr. Jerome Pelletier: There's a bit of European lumber coming into the Canadian market. Most of the imports into North America are going into the United States. We see some volume also coming from South America, but they are still fairly small compared to our domestic production.

Mr. Maninder Sidhu: I had the opportunity to ask the previous panel about our government being focused on lumber. We want to make sure we get a good deal rather than a fast deal.

What would a good deal look like to you?

Mr. Jerome Pelletier: A good deal would allow for predictability. Today, the duty rates will move as much as 100% year over year, so we would like to have a long-term agreement of 10 years plus. We would like the agreement to be predictable. We would like to have access to a fair portion of the U.S. market.

We mentioned the cash deposits. There's over \$10 billion today, so we would like, as an industry, to be able to recover some of those cash deposits, understanding that we'll have to share them with, most likely, the U.S. companies or the U.S. coalition.

Also, we need to consider using some of those cash deposits to grow the market and to allow us to invest more in research and development for mass timber, for example. We should keep that in mind.

Mr. Maninder Sidhu: We're seeing that as an innovative technique to build more homes using mass timber.

My last question before my time is up is about the stakeholders in the U.S. What kind of weight do they hold with the government down there? Are there roadblocks stopping an agreement from taking place from the U.S. government's perspective?

• (1230)

Mr. Jerome Pelletier: I'm not a trade law expert, but my understanding is that the U.S. Lumber Coalition, which filed a petition against the Canadian industry, has a veto on any agreement. It's important to work with them to ensure they are comfortable with the agreement.

Mr. Maninder Sidhu: Even if the U.S. government wanted to do a deal, the industry down there has a veto. Is that correct?

Mr. Jerome Pelletier: Don't quote me on that.

Mr. Maninder Sidhu: Okay.

Thanks, Madam Chair.

The Chair: Thank you very much.

Mr. Savard-Tremblay, you have six minutes.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Thank you, Madam Chair.

I thank the witnesses for their statements.

In the first hour of this meeting, we heard witnesses talk about all sorts of medium and long-term solutions. We've heard conversion ideas for the industry and ideas for an industrial policy. In the short term, however, we need to address the difficult situation in which the industry finds itself. Unfairly withholding money will hurt companies, because they'll be deprived of the cash they're entitled to.

Would it be desirable for the government to offer companies a loan guarantee program that would compensate for the sums being withheld in the United States, thereby at least getting them through the crisis?

My question is for both witnesses.

Mr. Jerome Pelletier: I think programs to help Canadian companies, if the tariff rate goes up to 30%, would probably be favourable to some companies.

However, I think we have to be careful, because if these programs aren't economically justifiable, these loan guarantees are going to be seen as direct subsidies to companies. This would probably increase countervailing duties in the long term.

Mr. Simon-Pierre Savard-Tremblay: Mr. Harder, would you like to add any comments?

[*English*]

Mr. Wayne Harder: There's opportunity, but I would have to agree that it would look like subsidies, and I don't think, long term, it would be a big help.

In the short term it would help people bridge over until the markets come back or mills start up, so people don't sell into a depressed market and mostly lose their livelihood.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: I find your comments interesting, because you are representatives of the industry.

In the first half of this meeting, we had a representative from the Institut de recherche en économie contemporaine. He wondered whether we shouldn't be adopting a broader industrial policy, rather than just aiming to get out of the crisis and end tariffs. That's obviously what everyone wants. He proposed going further, in the sense that companies should make greater use of wood, whether we're talking about commodities or domestic construction projects. He also favoured export diversification, i.e., tapping not only the U.S. market, but also the European Union.

In your opinion, would it be worthwhile to follow these potential solutions?

Mr. Jerome Pelletier: That's an excellent question.

Lumber or engineered woods such as glulam are the only building materials that are entirely renewable. Today, the National Building Code of Canada allows residential and other buildings of up to 12 stories to be built with wood alone.

In Ottawa, there are virtually no 12-storey buildings built with just wood. We still use concrete and steel, materials that have a very negative ecological footprint compared to wood, even when wood is burned. Forest products can store carbon in a building for 300 years. It's possible to significantly increase lumber consumption here in Canada, in our own market.

Mr. Simon-Pierre Savard-Tremblay: It seems logical to remove much of this wood, which is subject to tariffs in the U.S. and leads to consequences such as a trade war, from the U.S. market for use here.

Do you agree?

Mr. Jerome Pelletier: In an ideal world, we could also keep access to the U.S. market and allow the Canadian forest industry to prosper further.

Mr. Simon-Pierre Savard-Tremblay: That's a good answer.

Mr. Harder, would you like to add any comments?

• (1235)

[*English*]

Mr. Wayne Harder: No, not really.

[*Translation*]

Mr. Simon-Pierre Savard-Tremblay: Mr. Pelletier, when it comes to market diversification, isn't Canada putting all its eggs in one basket, since it only has one partner?

Mr. Jerome Pelletier: Historically, the United States has been a great trading partner. We've had relationships with American customers for four or five decades. I think the idea of diversifying our market is still relevant, but I also think the U.S. market should remain an active market for Canadian producers.

Mr. Simon-Pierre Savard-Tremblay: The most recent tariffs were announced in November 2021, and were subsequently raised. In November 2021, Washington announced additional tariffs. This was before the Prime Minister sent mandate letters to his ministers.

In the mandate letter of the Minister of Export Promotion, International Trade and Economic Development, the words "softwood lumber" are never used. Is this reassuring?

My question is for both witnesses.

Mr. Jerome Pelletier: No, it is not.

Mr. Simon-Pierre Savard-Tremblay: Mr. Harder, is this reassuring?

[English]

Mr. Wayne Harder: No. We have no settlement, so....

[Translation]

Mr. Simon-Pierre Savard-Tremblay: I'm sorry to interrupt you, but I only have 30 seconds left.

In the report tabled by the committee in November 2023 on a study conducted last year, the committee recommended that the Government of Canada appoint an official Canadian representative for softwood lumber. This representative would be tasked with speaking with U.S. officials to support Canada's efforts to engage the U.S. government in negotiating a resolution to the current softwood lumber dispute. To my knowledge, this has not been done.

In your opinion, could the appointment of a representative be beneficial? Shouldn't we be pushing harder to speed up the appointment process?

I'll put the question to both witnesses, but I imagine they'll have to limit their answers to "yes" or "no."

Mr. Jerome Pelletier: Yes, New Brunswick lumber producers supported this last year.

[English]

The Chair: Mr. Harder.

Mr. Wayne Harder: I have no comment.

The Chair: Okay, we have no response.

Mr. Desjarlais, you have six minutes, please.

Mr. Blake Desjarlais: Thank you very much, Madam Chair, and thank you to the witnesses for being present with us in the study.

Of course, the biggest issue we're studying right now is the fact that we're suffering tariffs on softwood exports to the United States, that being the most severe issue related to this study. Some matter of concern to me and, I think, to Canadians right across the country is the three major impacts that this tariff has. One, those who produce are paying higher costs to be able to compete against their like products in the United States market. Two, affordability is suffering in Canada, partly because of it. Finally, we see no end in sight to the very unlikely...and very uncertain situation ahead of us, pending the American election, of course.

Mr. Pelletier, it's clear that, since the 2017 Trump administration's imposition of new tariffs on Canadian softwood lumber, these are some of the very highest tariffs we've ever seen imposed by conservatives just south of the border on Canadian industries. In 2017 we saw the Trump administration make very clear that they were going to impose this, ever since the ending of the agreement we had in 2015.

How did the industry prepare prior to the 2017 American conservative movement to ban Canadian goods, and particularly goods like softwood lumber? How did the industry prepare for that in 2017, knowing that the agreement had expired in 2015?

Mr. Jerome Pelletier: Several meetings took place amongst industry leaders. Some of them were chaired by the minister of global affairs at the time, Minister Freeland. There were also lots of discussions on how we could prepare for the trade case, what the legal levers were that could be used to defend and explain the Canadian position, and how we could also be prepared to answer some of the questions that we knew the U.S. Department of Commerce was going to be asking.

Mr. Blake Desjarlais: Maybe, just on that point, Mr. Pelletier—and I'm very glad you brought that up—the conservatives in the United States at that time argued, when they imposed this historically large tariff, that it was because Canadian companies were largely benefiting from subsidized land. Do you want to explain what that argument means for Canadians here at home and why that is not a valid argument for large American softwood lumber producers to impose tariffs brought on by American conservatives?

• (1240)

Mr. Jerome Pelletier: I think the view south of the border is that some of the Canadian lumber producers, especially from British Columbia, Alberta, Quebec and Ontario, are benefiting from a guaranteed supply from Crown land. I think that's the perception from the U.S. Lumber Coalition.

Mr. Blake Desjarlais: There was a report commissioned to investigate the reality of that impact on our economy. Do you know the outcome of that in terms of how much subsidy that land tenure was providing these companies? What was the percentage?

Mr. Jerome Pelletier: Unfortunately, I don't have that information with me today. I'm sorry.

Mr. Blake Desjarlais: Don't worry, Mr. Pelletier. Very fortunately, I do—it's less than 1%. The conservatives in the United States try to protect their industry by saying that Canadian companies are enjoying a subsidy, because the land they're getting timber from is publicly owned Crown land. That's the argument our American counterparts are using. They're staying consistent on that.

They're continuing to increase the tariff, though. This is the problem. Do you think the access to Crown land increases the subsidy, Mr. Pelletier?

Mr. Jerome Pelletier: I don't think so.

Mr. Blake Desjarlais: No, of course not.

Mr. Jerome Pelletier: We operate mills in New Brunswick. I can't really judge the other jurisdictions in Canada, but for New Brunswick, I know Crown land is not a subsidy.

Mr. Blake Desjarlais: Exactly. That's the thing we need our Canadian government to pursue clarity on immediately.

However, I think, to your point, you're speaking about a settlement agreement. I wanted to seek clarity in your opening testimony about your proposal and affixation on the reality of a settlement agreement. Is this a settlement agreement in regard to the lawsuits initiated by the government related to the August 8 announcement, or a prior lawsuit?

Mr. Jerome Pelletier: I'm sorry, I don't recall the August....

Are you referring to the duties announced?

Mr. Blake Desjarlais: What kind of legal agreement [*Inaudible—Editor*]?

Mr. Jerome Pelletier: I refer to a settlement or a long-term agreement. That's what I refer to.

Mr. Blake Desjarlais: Ah, I understand. Thank you very much.

In terms of aspects of CUSMA, this is an area that is coming up for this committee's review here soon. It's an important operating agreement.

As you know, a conservative to the south of us forced Canada and Mexico into an agreement that's not necessarily beneficial for our industries here. Of course, American conservative interests are often very heavily weighted in North America and often have a paramountcy across our economy.

How do you recommend that we amend CUSMA to ensure Canadian businesses and Canadian owners can combat American conservative tariffs?

Mr. Jerome Pelletier: We are concerned with the appeal process in CUSMA. As I alluded to earlier, CUSMA directed one year for the panel to rule on any appeal process, and we're five years out.

I think there's a need here to be more prescriptive on how panels will be appointed, how they will function and how they will deliver their rulings.

The Chair: Thank you very much. I'm sorry. Your time is up.

We'll go on to Mr. Baldinelli for five minutes.

Mr. Tony Baldinelli (Niagara Falls, CPC): Thank you, Madam Chair.

Thank you, Mr. Harder and Mr. Pelletier, for being here. It's an important study for a sector that employs over 400,000 Canadians.

Today, through your comments, we get a real sense of the frustration of business owners, communities and workers who have been impacted by, I would say, government inaction to reach a resolution on softwood lumber duties. It's been nine years and three U.S. presidents, and this government is unable to resolve the situation. Meanwhile, we had a previous government that did it in 79 days. This inaction has cost the sector about \$9 billion to \$10 billion in U.S.-imposed tariffs.

In August, the U.S. announced it's going to increase those tariffs to 14% from the current 8%. At the time, our minister of international trade said it was disappointing. We saw the Prime Minister on U.S. television then claiming it's a small issue. I'm not going to suggest it's disappointing. I'm going to say it's devastating for those companies and, more importantly, for workers in the communities they live in.

You know, in September, just following that announcement of the duties being increased, Canfor in B.C. announced the closure of mills in Vanderhoof and Fort St. John. That's 500 jobs.

Statistics Canada shows that 90,000 jobs have been lost in the sector since 1990. That's 40,000 in British Columbia alone. Twenty-four mills have closed in B.C. since 2016.

I'm going to start with you first, Mr. Harder.

What has been the impact on these communities and workers in your area because of this failure of the government?

• (1245)

Mr. Wayne Harder: It's very significant. Actually, the 500 jobs would only include Chetwynd north. It wouldn't even include Vanderhoof; that would be even more than that.

We've had farmers—a lot of loggers here are farmers as well—come up to us, saying they're not sure how they're going to be able to sustain farming, because they rely on that off-farm income to help them sustain that. The ripple effect is going to be very large.

Mr. Tony Baldinelli: That's not to mention just the merchants in the area. We're talking communities of about 4,500 and 21,000.

What is the economic spinoff and pain that's also being caused?

Mr. Wayne Harder: The people I talk to, the merchants, are telling us.... The lowest number I've heard was 10%, but most people are in that 20% to 25% reduction in sales due to the mill shutdown in town.

Mr. Tony Baldinelli: What's particularly frustrating is that back in November, this committee tabled its 12th report. It was entitled "Anti-Dumping and Countervailing Duties Being Applied on Certain Canadian Softwood Lumber Products". It contained seven recommendations, and the government agreed to all seven.

The first recommendation response even included this passage, which says, "The Government will continue to engage the United States to accelerate the pace of impartial dispute settlement processes with the ultimate objective of resolving the softwood lumber dispute."

What struck me was the words "accelerate the pace". I mean, it's been nine years now. What is the government waiting for? My colleague mentioned that it's not even in our international trade minister's mandate letter to resolve this dispute.

How do you accelerate the pace when you have a government in office that thinks this is simply a small issue?

Mr. Harder, I'll start with you.

Mr. Wayne Harder: Obviously, they didn't see it as a very big priority, because it's a little hard to negotiate if you wait till the last possible second to engage.

Mr. Tony Baldinelli: Mr. Pelletier, there must be a sense of frustration on your part in what you're seeing out in eastern Canada with regard to the lack of a resolution or a dispute settlement in this area.

Mr. Jerome Pelletier: Yes, it's very concerning. It's concerning for us at Irving. It's concerning for our members at the New Brunswick Lumber Producers. It's also concerning for all of the rural communities. We have companies operating in 70% of the rural communities in New Brunswick. The level of anxiety is higher now that we're paying 14% duty and people know that 30% is coming soon.

We need to act. We need to engage the United States in a meaningful negotiation.

The Chair: Thank you very much.

We'll go to Mr. Sheehan for five minutes, please.

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Thank you very much.

Thank you for the testimony from our witnesses.

I'm from Sault Ste. Marie, located in northern Ontario, which has 90% of the land mass of all of Ontario with about 8% of the population. There's quite a bit of forestry going on throughout northern Ontario.

I was picking up on Mr. Pelletier's testimony about the differences between the provinces. There are a lot of Pelletiers up in Dubreuilville and in Sault Ste. Marie, just for the record. They're very good people.

I had a roommate from Dalhousie, New Brunswick, and his family worked in the forestry industry. We used to have quite a few chats about the differences. His name was Ferlatte, and his dad used to travel across the country as a consultant. One of the things we need to recognize is that this has been going on for 30 years, this softwood lumber dispute. There have been nine prime ministers.

I appreciated your remark when you said that the lumber barons have a veto and are very powerful. How important is it, Mr. Pelletier?

In talking with my former roommate and with people in the industry about how the Americans continue to buy our lumber because of the demand... They can't produce enough in the United States, in particular with all of these disasters that are happening in the United States due to climate change. They're destroying homes at a record pace, and they're rebuilding them, so they have to buy it.

One of the things that I found effective... I come from a steel town, Algoma Steel. We went down to the United States and made sure that they understood what these tariffs are, what these duties are; they are really a tax on the American people, because they're still buying our wood. We have great wood. We produce it excellently. We have great transportation networks that can get it down there reliably.

Mr. Pelletier, would you agree with that terminology, that this is really a tax on the American people who purchase our wood at the end? They're in an acute housing crisis, and then along come these climate disasters and it's creating that demand. How should we go about getting that message into the United States?

• (1250)

Mr. Jerome Pelletier: There are different organizations in the United States that are taking the costs of building materials very seriously, for example, the homeowner associations or the retailers. They've lobbied in the past. They've sent letters to Capitol Hill to raise this issue about lumber duties and possibly reducing access to lumber from Canada or other jurisdictions.

Mr. Terry Sheehan: Through you, Chair, to the witnesses, would it make sense that this trade committee actually go down there after the election? In particular, it would be due to some people talking about increasing these tariffs across the board by 10%.

First of all, I'd like to ask what a 10% increase would look like for the forestry industry in New Brunswick, if that were to happen.

Mr. Jerome Pelletier: A 10% increase would be devastating for the New Brunswick industry. I would expect a lot of our operations to be curtailed. Due to the fact that we're highly integrated with other forest product sectors, the impact of sawmills going down would also have an impact on tissue mills, paper mills and wood pellet operations.

Mr. Terry Sheehan: Thank you.

Mr. Jerome Pelletier: To answer your question on lobbying in the United States with different organizations, I wouldn't have any concerns with that approach.

Mr. Terry Sheehan: Okay, thank you. That's duly noted.

One of the places up in northern Ontario, White River, reopened. It actually shut down when Stephen Harper was prime minister, but it recently reopened. It reopened with a partnership with the First Nations in the area, with the Anishinabe.

How important do you think it is for the forestry sector to work with Canada's indigenous peoples in managing and growing the forestry industry?

Mr. Jerome Pelletier: It's very important to work with our first nations. Today, I can't envision a system in which they are not consulted when we're operating on Crown land. It would probably be beneficial to have them at the table also when we talk about trade cases and how impactful they are to our industry.

Mr. Terry Sheehan: Thank you very much.

The Chair: Mr. Savard-Tremblay, you have two minutes, please.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Thank you.

I'll come back to the fact that we don't have an agreement yet.

I quite agree with my Conservative colleagues that this lack of agreement doesn't make sense. On the other hand, I also agree with my Liberal colleagues that having no deal is sometimes better than a bad deal. In other words, we need a deal, but it has to be a good one. A losing deal wouldn't do us much good.

How do you explain the fact that an agreement has yet to be concluded? Is this the best way forward, the only solution that can be considered sustainable in the medium or long term?

I'm addressing both witnesses once again.

Mr. Jerome Pelletier: There is still no agreement, because there have been no negotiations. We have to start with negotiations.

Mr. Simon-Pierre Savard-Tremblay: That's a good answer.

Mr. Harder, would you like to add any comments?

[English]

Mr. Wayne Harder: As I said earlier, it's the same thing: There have been no negotiations. There's been no engagement until the last possible second, and you don't negotiate with a strong negotiator at the eleventh hour. You start a bit earlier than that.

The Chair: You have 40 seconds.

[Translation]

Mr. Simon-Pierre Savard-Tremblay: Yes, Madam Chair.

Let's take it a step further. Let's imagine a deal that isn't a discount deal. First, let's talk about the ideal deal, then the realistic deal and, finally, the deal we definitely don't want to see come to fruition.

• (1255)

Mr. Jerome Pelletier: In my opinion, a realistic agreement would allow Canadian producers to continue to have reasonable access to the U.S. market and to recover a significant portion of their deposits.

[English]

The Chair: Thank you very much.

Mr. Desjarlais, you have two minutes. I'm trying to give the other members an opportunity, so please keep it to two minutes.

Mr. Blake Desjarlais: Thank you very much, Madam Chair.

Mr. Pelletier, in 2017, when the Trump administration imposed tariffs on Canadian softwood lumber, they were as high as 24% for some companies.

What was the percentage Irving paid?

Mr. Jerome Pelletier: I'm going off memory, but I believe it was around 8% or 9%.

Mr. Blake Desjarlais: I believe it was 3%, according to a CBC article. Does that seem more accurate?

Mr. Jerome Pelletier: The 3% figure was only for the countervailing duty portion of our duty, and you have to add the anti-dumping amount we paid—what we call the “all others” rate—which was the Canadian average, so I think it was 3% plus 6% for a total of 9%, or close to 9%.

Mr. Blake Desjarlais: Why is it that some of your domestic competitors paid up to 24%?

Mr. Jerome Pelletier: At the time, if I recall, the respondents for the countervailing duty were Irving, Resolute, Canfor, West Fraser and, I believe, Tolko.

Mr. Blake Desjarlais: They were the biggest companies.

Mr. Jerome Pelletier: Yes, the biggest. Irving was a voluntary respondent, which means we were the only Canadian company at the time that wanted to be voluntarily examined by the U.S. Department of Commerce. That's why we received our own rate. The weighted average rate for all of those five companies was much higher than ours because we effectively demonstrated that the level of subsidies in New Brunswick is almost null.

Mr. Blake Desjarlais: It's negligible. That's a tactic that I—

The Chair: I'm sorry, Mr. Desjarlais, but you have 15 seconds remaining.

Mr. Blake Desjarlais: Thank you very much, Chair, and thank you for organizing this. It means a lot.

Thank you, everybody.

The Chair: Thank you.

Mr. Martel, go ahead.

[Translation]

Mr. Richard Martel: Thank you, Madam Chair.

Mr. Pelletier, you said that, in the Canada-U.S.-Mexico Agreement, or CUSMA, there was nothing in favour of our forest industry. You also said that the Minister of Export Promotion, International Trade and Economic Development was still holding discussions, but that an agreement absolutely had to be reached.

If I understand correctly, to come to an agreement, it has to be a priority for both countries. But we seem to be sticking our heads in the sand a little bit.

In your opinion, if the government hasn't been able to reach an agreement to date, is it because they haven't made it a priority?

When the Prime Minister took office, in 2015, Barack Obama was the President of the United States. They were said to be great friends. If the deal had been a priority then, it should have been done.

Were you disappointed by the Obama administration? And yet, the Prime Minister and the president had a good relationship?

Mr. Jerome Pelletier: Thank you for the question.

There are several things to consider. At the start of the conflict, many Canadian producers believed that the legal route would serve the Canadian industry well. So that was the route that was followed as a priority at the outset. Unfortunately, this option did not work out well for the Canadian industry.

In addition, the Minister of Foreign Affairs at the time had to deal with the fact that Canadian industry was not always well aligned with American industry, which made things difficult for her. This is no longer the case today, as our industry is well aligned with that of the U.S.

• (1300)

Mr. Richard Martel: Mr. Pelletier, do you believe that Canada's delay in following certain U.S. policies can hinder good negotiations on a potential softwood lumber agreement? I'm thinking of what happened with the tariffs imposed by China, for example. Canada was slow to react on this issue.

Mr. Jerome Pelletier: I don't know enough about these files to comment on them, unfortunately. I'm sorry.

Mr. Richard Martel: All right.

I think there must be a problem with leadership. I've been involved in negotiations all my life. You're going to tell me that it's not the same, but the fact remains that, to succeed in concluding agreements, you have to have leadership.

If it's not a priority for the Americans to negotiate with Canada, Canada has to make it a priority. It has to show leadership and bring the other side to the table. That's why I'm wondering about it.

You mentioned a small group that seems to be disruptive about these negotiations. This is the first I've heard of it.

Could you tell us more about that?

Mr. Jerome Pelletier: I was talking about some Canadian producers who weren't fully aligned with the negotiating strategy. I was saying that this could have made the minister's job more difficult at the time.

Today, most players in the Canadian industry want negotiations to begin and for the current minister and the Prime Minister to get involved in the file. We believe that they both need to be involved for the file to move forward.

Mr. Richard Martel: Okay, but how—

[English]

The Chair: I'm sorry, Mr. Martel. You have 15 seconds remaining.

[Translation]

Mr. Richard Martel: I wanted to know how a small group could prevail over a large group.

Thank you, Mr. Pelletier.

[English]

The Chair: I have to get in one more person.

Ms. Fortier, you have four minutes.

[Translation]

Hon. Mona Fortier (Ottawa—Vanier, Lib.): Thank you, Madam Chair.

Thank you to both witnesses for being with us today.

We know very well that the Canadian government is concerned about this situation and that it continues to support the sector through investments, particularly in initiatives aimed at fighting forest fires and doing prevention. The government has invested over \$800 million in the sector.

Many investments have also been made in the forest industry's processing sector. We're talking about a \$130-million program to accelerate the adoption of transformative technologies and create innovative products. While we wait for the agreement to be signed, things are happening.

Mr. Pelletier, in your presentation, you mentioned that you and other industry partners could help us. You'd like to play a role at the negotiating table.

Could you expand on that and explain how negotiations could proceed with the support of your sector? I'd like to understand more about your sector's contribution to the negotiations.

Mr. Jerome Pelletier: One possible approach is to work directly with the current Canadian government to ensure that the next agreement will be well coordinated with Canadian industry. Canadian industry needs to be able to trust the guidelines and processes that will be put in place.

Hon. Mona Fortier: Earlier, we talked about the potential that exists in terms of markets.

What other markets do you think the sector could consider, whether it's the U.S. market or other markets, to do more deals?

Mr. Jerome Pelletier: You always have to consider the Pacific markets or the European markets. However, as we mentioned earlier, the greatest opportunity is in the domestic market. We could make greater use of Canadian fibre, especially engineered wood, in new construction projects for 10 to 12-story buildings.

Today, we don't yet occupy this market. In fact, we're leaving it to the concrete and steel industries.

Hon. Mona Fortier: Have there been any talks about the potential this market represents?

The government has developed a strategy to achieve carbon neutrality, including in the construction industry.

Have any steps been taken in this regard?

Mr. Jerome Pelletier: Yes, but there is not yet a clear policy that is persuasive enough to bring about real change in this sector.

The Canadian Wood Council, which has a technical division, has helped advance the National Building Code in Canada. There are breakthroughs, but Canada hasn't yet been able to obtain the maximum from this market.

Hon. Mona Fortier: Among the markets you proposed earlier, are there any others we could access?

Mr. Jerome Pelletier: There is the bioenergy market, which is always available in Canada. Again, in European markets or Pacific markets, there's a need for new housing starts, and Canadian fibre could meet those needs.

• (1305)

Hon. Mona Fortier: That's fine, thank you very much.

[English]

The Chair: Thank you very much to both of our witnesses. It's very much appreciated.

For the committee's interest, Wednesday's meeting will be on consideration of the draft reports for the supply chain study and the seafood study.

Thank you very much.

The meeting is adjourned.

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