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# Standing Committee on International Trade

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Chair: The Honourable Judy A. Sgro





## Standing Committee on International Trade

Wednesday, November 27, 2024

• (1635)

[English]

**The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)):** I call this meeting to order.

Welcome to meeting number 129 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 resuming its study of recent developments concerning the Canada-United States lumber trade dispute.

We have with us today, from Groupe Lebel, by video conference, Louis-Frédéric Lebel, president and chief executive officer. From the Ontario Forest Industries Association, we have Ian Dunn, president and chief executive officer. From United Steelworkers, we have Jeff Bromley, chair of the wood council, by video conference.

Welcome to you all. Thank you for being with us today.

We will start with opening remarks and then proceed to rounds of questions. You have up to five minutes.

Mr. Lebel, I invite you to speak to the committee for up to five minutes, please.

[Translation]

**Mr. Louis-Frédéric Lebel (President and Chief Executive Officer, Groupe Lebel):** Good afternoon, everyone.

My name is Louis-Frédéric Lebel and I am the president and chief executive officer of Groupe Lebel.

We are a family business that has been in the lumber industry for over 60 years, primarily in the lower St. Lawrence region in eastern Quebec. We also operate processing plants in Ontario, New Brunswick and Maine. We employ approximately 1,200 people in Canada and we are one of the 15 largest lumber producers in North America.

Our family of mills includes two located on the Quebec-United States border. The logs that supply those plants come mainly from the United States and reach us via forest roads created for that purpose. These two sawmills belong to a group known as the border mills. A number of sawmills of this type, located all along the border, have the same status and mainly supply the United States.

Historically, these sawmills had special status. Through all the disputes we have had with the Americans, that status meant that we did not suffer exactly the same damage as the other companies

when we exported to the United States. In other words, we were not necessarily subject to the same tax rates, or our quotas may have been different. Since 2017, unfortunately, our status has not been renewed. We therefore have the same status as the other sawmills and we suffer the same damage as the entire Canadian industry.

Following that logic to its end, we can say that the Americans are taxing their own wood today. What we do is import logs from American forests and process them in Canada, and then when we have to export them to the United States, we have to pay tax. This means that American consumers are paying tax on products that originate in their own country.

Thank you.

[English]

**The Chair:** Thank you very much.

We'll hear now from Mr. Dunn, please.

**Mr. Ian Dunn (President and Chief Executive Officer, Ontario Forest Industries Association):** Thank you, Madam Chair.

My name is Ian Dunn. I am the president and CEO of the Ontario Forest Industries Association. I'm also a registered professional forester. I represent over 50 member companies in the province, which manage mills that produce energy, electricity, engineered wood products, pulp, paper and, of course, lumber, and manage over 22 million hectares of public forest. Our industry contributes \$5.5 billion in GDP; supports 137,000 direct, indirect and induced jobs; and represents a total tax revenue for all levels of government of \$3.3 billion.

Since the last agreement ended, in 2017, Canadian lumber producers have approximately \$10 billion on deposit in the United States—over \$900 million from Ontario. This large amount of capital could be used to reinvest in local operations and communities, improving our competitiveness. The current iteration of the softwood lumber trade dispute is likely the largest global dispute since the end of the Second World War.

Like other Canadian jurisdictions, over the last 20 years Ontario's forest products sector has faced many challenges. We have seen industry consolidation and rationalization; investment dollars and capacity moving to lower-cost jurisdictions; volatile commodity prices and supply chain disruptions; and, of course, unfair and illegal trade action by the United States, our biggest and most important trading partner.

What has this meant for Ontario? What has this meant for the communities of Hornepayne, White River, Dryden or Dubreuilville? Well, it meant that the volume of trees sustainably harvested in the province was cut in half, from 28 million cubic metres to 13 million cubic metres most recently. Contribution to the GDP fell by approximately \$2 billion.

Since the early 2000s, employment in the industry has fallen by half, from 80,000 direct jobs to around 40,000 today. Most recently, I've been hearing from some of our members, who will be reducing their operating schedule as a result of increased costs, weak pricing and anticipated duties for 2025, with others announcing further layoffs and closures. Many are small, family-run, independent companies operating in Ontario for generations. One gentleman I spoke with last week said that his family has held a licence to cut Crown timber in Ontario for 110 years, and he will likely be the last person to hold that licence.

At a recent convention, a representative of the U.S. industry stated, "From the US perspective, the softwood lumber trade case has been extremely effective, yielding results that one would expect." Since 2016, Canadian mills have accounted for 60% of mill closures by capacity. U.S. mills account for 79% of expansions, while Canadian mills account for only 14%. U.S. mills accounted for 98% of new mill capacity, while Canadian mills accounted for only 3%.

This occurred in an environment of duties between 8% and 20%. The forecasted rate of 30% for August 2025 is a dramatic increase. It will likely threaten the profitability and viability of many Ontario sawmills already anxious about access to capital and liquidity.

Of course, it's not just the sawmilling industry that is impacted by lumber duties. Pulp and paper are typically made using the residuals generated as a by-product of making lumber. Without this valuable feedstock, the ability of Canadian pulp and paper mills to make this product becomes more challenging and expensive. In Ontario, over one year we have seen the idling of two pulp and paper mills and the permanent closure of a containerboard mill in Trenton. In 2006, there were 16 pulp and paper mills in Ontario; there are currently three operating.

Despite the challenges, Ontario is the only jurisdiction in Canada that has seen a substantial increase in lumber export rates to the United States.

New and exciting opportunities exist in biomaterials and bioenergy that could bring new investment and economic development opportunities to indigenous and non-indigenous communities across the province. Our forests are abundant, productive and sustainably managed. Ontario's forest industry is resilient, innovative and essential to our economy, communities and environment.

However, it is clear that the ongoing softwood lumber trade dispute, compounded by other economic challenges, continues to hamper our full potential. We call on all levels of government to focus on boosting the competitiveness of our sector, continue legal efforts while pursuing negotiations, and end this dispute.

Thank you.

• (1640)

**The Chair:** Thank you very much, Mr. Dunn.

We go to Mr. Bromley, please.

**Mr. Jeff Bromley (Chair, Wood Council, United Steelworkers):** Good afternoon, Madam Chair.

My name is Jeff Bromley. I am the chair of the United Steelworkers wood council. It's comprised of approximately 14,000 members across this country: from Quebec and Ontario, west through Manitoba, Saskatchewan and Alberta, and, of course, British Columbia, where I'm calling in from today.

I will not reiterate the numbers that my counterpart from Ontario just mentioned, but the impact of the eight-year softwood lumber dispute between the two countries on my membership, forestry workers as a whole and those largely rural communities where they work and live has been far-reaching, wide and, in fact, devastating.

In terms of the number of direct jobs for steelworkers, we believe that approximately 2,500 to 3,000 direct jobs have been impacted over the last eight years, largely due to the increasing costs that the lumber duties have put upon our industry, making those logging and harvesting operations uneconomical. Clearly, it's due to the long-standing dispute over the last eight years.

It is time that our government stands up for one of the pillars of our Canadian industry, and certainly a pillar of the province that I'm in, British Columbia, because it has been devastating.

I'll focus on a couple of recent announcements.

I've spent 30 years in this industry, 18 years in a manufacturing mill, a medium-sized operation in the southeast corner of British Columbia in Elko, and the last 12 years advocating on behalf of my membership, both locally in British Columbia and across the nation.

The latest announcements by Canfor were in two communities in British Columbia: Vanderhoof, with Plateau mill, and Fort St. John, with the Canfor Fort St. John mill. In approximately 30 days, both of those mills will close, and the impact will be far-reaching. Those communities have about 10,000 people each, and there are going to be 500 direct jobs lost. For the most part, those mills cannot operate due to, obviously, the ever-increasing duties, tariffs and lumber tariffs set by the U.S.

Of course, as my counterpart mentioned, next year at this time or in the summer of 2025, it's expected that those duties, currently sitting around 14% on average across the nation, will double, at least, to the 28% or possibly the 30% range, which will mean a devastating impact to the industry. I would be very surprised about any operation that will be able to continue to run under those circumstances.

Acute attention is needed to try to address this and to try to begin to find a solution, to have the Americans come to the table and try to find a reasonable trade solution to what is, in my opinion, illegal and unfair duties to our industry, which is unfairly accused by the powerful U.S. softwood lumber lobby of being subsidized. I think that attention needs to be focused by our Canadian government on trying to find a solution, as the devastation to the communities and jobs is going to get worse.

Thank you.

• (1645)

**The Chair:** Thank you very much to you all.

We will now open it up for the members.

Mr. Martel, please go ahead for six minutes.

[*Translation*]

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

The lumber industry is definitely very important to the economy, whether in Quebec or in the other regions of Canada. In addition, the Minister of Environment and Climate Change wants to make an order. So this industry is very heavily affected. The lumber industry is already facing tariffs imposed by the United States, and now Mr. Trump is threatening to impose an additional 25% tax. The picture is neither funny nor pretty right now.

Mr. Lebel, I have a question for you.

After nine years of negotiations between this government and three different presidents of the United States in a row, we still have no agreement. Are you still confident, right now, in the ability of this government to negotiate effectively in order to protect the lumber industry?

**Mr. Louis-Frédéric Lebel:** As I understand it, there have been no serious negotiations with our American counterparts.

As you know, it is up to the federal government, not the provinces, let alone the companies, to negotiate this kind of agreement. It must be pointed out that the government's position at the outset was to try to handle this issue through the courts. After the nine years we have just lived through, the unavoidable conclusion is that going to court will not work and we will end up losing money. There really is a lot of money that is being held in customs. It amounts to double what it was in the last dispute: \$10 billion rather than \$5 billion.

What I am asking is that the government return, or try to return, to the bargaining table.

• (1650)

**Mr. Richard Martel:** If the 25% tariffs are applied, is there even a chance that you will be able to survive?

**Mr. Louis-Frédéric Lebel:** Since this news about tariffs was announced at the beginning of the week, we have had several meetings in the company. Naturally, we have to prepare for it. Our first reaction is to see whether our American customer, which represents about 50% of our lumber sales, will be able to cover this tax: our first reaction will be to charge the additional duties back to it. If this

does not work as a result of market forces, there will definitely be mill closings.

**Mr. Richard Martel:** Let's look at the situation in more concrete terms and assume that the 25% tariffs apply. Can you give me an estimate, off the top of your head, of the number of jobs that could be lost in your mills in Quebec?

**Mr. Louis-Frédéric Lebel:** We definitely have about 800 employees in Quebec and New Brunswick who work directly in the mills who could be affected, if tariffs were to be imposed on us that we could not agree to pay or that our customer decided not to pay.

**Mr. Richard Martel:** I'm going to ask my question the other way around.

If an agreement had been made nine years ago, what would the effect have been on the competitiveness of your products and on your expansion and acquisition plans? If the government of the day had reached a negotiated agreement in the beginning, what would have happened for your companies?

**Mr. Louis-Frédéric Lebel:** I don't want to rewrite history, but what I know is that our business, Groupe Lebel, has over \$100 million Canadian in deposits, out of the \$10 billion in deposits in Canada. If we had had access to that money, we would have reinvested it in our companies. As a result, we would be more competitive because our mills would be more modern.

**Mr. Richard Martel:** Do I have any time left, Madam Chair?

[*English*]

**The Chair:** You have one minute and 12 seconds.

[*Translation*]

**Mr. Richard Martel:** My next question is for Mr. Samray. I don't know whether I will have enough time to hear his answer.

If the trade negotiations continue to be blocked, what will the long-term consequences be for rural communities? We know there are communities in danger. There will also be workers in remote communities who are unable to go somewhere else to look for work.

I'm sorry, I have just seen that Mr. Samray is one of the next panel of witnesses, so I will come back to that.

Thank you.

[*English*]

**The Chair:** Thank you.

Mr. Sidhu, please go ahead.

**Mr. Maninder Sidhu (Brampton East, Lib.):** Thank you, Madam Chair, and thanks to our witnesses for being here today on this very important study.

Our government has been very mindful in its deliberations when it comes to any trade negotiations, and our priority has always been to secure a good deal for Canadian workers and Canadian industry. I know the opposition's approach is to get a deal regardless of what's at stake here.

I'd like to turn to Mr. Dunn first.

Would you agree that a good deal is better than a fast deal? In your opinion, what would constitute a good deal?

**Mr. Ian Dunn:** In order to get a deal, we think there will be three elements. First, there will be the border measures; second, there will likely be some return of duties to the Americans; and third, there will be the funding of meritorious initiatives to increase domestic consumption.

We would agree that we don't want a deal at any cost, but looking at all the compounding economic factors for lumber producers in Ontario, be it the closure of pulp and paper mills, the idling of pulp and paper mills, the lack of markets for residuals, weak pricing, etc., it's becoming very important that the government pursue negotiations and secure a settlement.

**Mr. Maninder Sidhu:** Thank you for that.

Maybe I can turn to Mr. Bromley online.

Here is my question: In your opinion, what would be a good deal to you with the U.S.?

• (1655)

**Mr. Jeff Bromley:** My philosophical opinion is that it should be free and fair trade. Obviously, that's pie in the sky and not achievable.

In terms of the deal that was negotiated from 2006, which finally expired on January 1, 2017, I think that managed the situation probably as best as could be expected. It was more of a sliding scale: If lumber prices were high, there were no duties and no monetary compensation paid; if lumber prices were low, then there was a certain amount of duties paid. It was a fairer system. I believe, ultimately, that's the goal we need to pursue.

However, my counterpart mentioned the position of the softwood lumber lobby from the U.S. The U.S. representative was speaking at a conference here in Vancouver, and the position he took, flat out, was that there will be no money coming back on those duties, that \$10-billion amount, to the Canadian companies that it's owed to. That's obviously a position that we can never agree to. A portion of those monies obviously should be coming back to the companies that paid them. I believe that, if not all of it, something needs to come back for the Canadian government to manage, let's say, a fund that would produce innovation in our industry.

There are many opportunities in our industry to produce mass timber and things of that nature. With these punitive duties, as my counterpart also mentioned, they're not able to invest in new technologies that produce more value out of the timber we harvest here in Canada.

There are lots of ways we could certainly achieve a deal, but I think the pressure now is so great that we're not necessarily negotiating from a position of strength, because of the threat of those 25% or 30% duties next year or the existing duties and then having them double. Like I said in my opening, I can't see how any operation is going to be able to continuously run in that environment.

**Mr. Maninder Sidhu:** I will turn to Mr. Lebel with the same question.

In your opinion, what would constitute a good deal with the U.S. on softwood lumber?

[*Translation*]

**Mr. Louis-Frédéric Lebel:** The first thing we want is to recover the money that has been unfairly paid.

I am going to tell you about the situation in our border mills, which essentially process logs from American forests. We are the biggest buyer in Quebec from private softwood forests. We will recall that the first arguments made by the US Lumber Coalition and the government were that since public forests were managed by the provinces, they were subsidized. When mills are supplied from private forests, the tax should not have to be paid and there should be full reimbursement.

The second thing we want is to have fair trade.

While we are paying high taxes, the Europeans have developed their timber sector and taken a bit of our market share, mainly in the southern United States. In addition, they have no tax or other constraint. To our mind, this makes no sense.

As I explained earlier, we are a family business that has been in operation for over 60 years. We have been exporting to the United States for 50 years. We are on our American friends' doorstep. It makes no sense for us not to be able to export our products to the United States.

From the Americans' point of view, the fear clearly arises from this desire to protect their market share. As my colleague explained, the American producers have profited from the crisis they provoked in order to expand their industry, particularly in the southern United States. As we understand it, that expansion is winding down, since there are fewer logs and raw materials left to process.

In our opinion, we could think about a way to limit our exports, one way or another, using quotas or taxes, or maybe using a hybrid formula that incorporated both, to assure the Americans that we will not hurt the American market when demand is low.

• (1700)

[*English*]

**The Chair:** Thank you very much.

[*Translation*]

Ms. Chabot, the floor is yours.

**Ms. Louise Chabot (Thérèse-De Blainville, BQ):** Thank you, Madam Chair.

My sincere thanks to all the witnesses.

As we see, the lumber issue is unfortunately not getting solved, even after many years. At least it is the committee's goal to find solutions.

Mr. Bromley, during the pandemic, under the leadership of the Wood Council, the leaders and members of local unions of the United Steelworkers had put pressure on federal politicians to have five major changes made to the Softwood Lumber Action Plan. One of the things you were asking for was that loan guarantees be offered to companies that had paid the duties on lumber shipped to the United States.

Is that still one of your requests?

[English]

**Mr. Jeff Bromley:** Yes, I wouldn't waiver from that request. I mean, it's to the point now where the Americans continually believe that our industry is subsidized. If that's the case, if they're going to try to cripple our industry, we might as well have our government support those companies in terms of the ability to at least achieve or recapture some of those duties, so that they can reinvest and make our industry more vibrant, and so that they can, in some cases, survive.

[Translation]

**Ms. Louise Chabot:** We can see that the situation has not improved since then, given the August increase in the duties and the recent threat by Donald Trump to impose tariffs on all imports.

Given these circumstances, do you have any additional requests to make today?

[English]

**Mr. Jeff Bromley:** In terms of the tariffs that Trump announced yesterday, the day before or whatever it was, I'm not entirely sure how that 25% will impact the softwood lumber duties and tariffs: whether or not it's going to be 25% on top of what's already announced or what's already in place. If that's the case, again, I'd be surprised to see any operation continually running anywhere across the country.

I need to understand the question. If it's about whether there are any other avenues that we could go down in light of those duties, again, it's support from the federal government. First and foremost is to make this its number one priority in terms of the trade file with the United States. To be honest with you, I'm not feeling that the softwood lumber dispute over the last eight years has been the number one priority. Second, we need stopgap measures, such as loan guarantees and initiatives like that, so that the companies can survive this situation, and so that the workers continue to work.

I was up in Chibougamau with the Chantiers group last week. All small communities like those are going to be really devastated if this continues.

[Translation]

**Ms. Louise Chabot:** Obviously those industries are essential, particularly since their operations are consistent with Quebec's natural resources.

Would you say that the 2020 Canada—United States—Mexico agreement was a missed opportunity for the government?

We know that the agreement is to be reviewed in 2026, but the work has to start before then. You believe that the government has not stood firm enough to protect this sector. Do you have measures

to suggest in connection with the review of the agreement that is scheduled for 2026?

I admit that this is a long question, which may call for a long answer.

• (1705)

[English]

**Mr. Jeff Bromley:** First and foremost, I think there has been a missed opportunity. We've had free trade between the two countries, and now the three countries—Canada, U.S.A. and Mexico. It was 1987 for the original free trade agreement, and now, most recently, the review with the CUSMA. I think it was a missed opportunity. Softwood lumber has always been excluded unfairly in terms of the trade agreements, and I think it has to be a priority for it to be included, because for it to be excluded and outside of that process, it excludes us—at least on paper—from trying to dispute these tariffs. It excludes us from a number of processes that other industries within Canada are part of, because they are part of that agreement.

Yes, I very much support that and think it was a missed opportunity, to answer your question.

[Translation]

**Ms. Louise Chabot:** Thank you.

[English]

**The Chair:** Mr. Desjarlais, go ahead, please.

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

Of course, the news coming from our American counterparts in the United States is deeply troubling. It's an attack on our industries. It's an attack on our workers. It's an attack on the ability to have a strong North America. It's deeply concerning to New Democrats and to unions right across this country, and it's something that I think we as Canadians have to take seriously.

As we heard already, the witnesses have provided their dismay in relation to the fact that a trade dispute that originated before I was even born, in 1982, is now persisting. It's a kind of conflict that continues to persist since 1982. For example, in the period between 2004 and 2009, we had already, at that point, lost almost 10,000 direct and indirect jobs within our forestry sector.

I can only imagine the dismay workers feel right across this country, knowing that we have decades of inaction now related to the very extraordinary exception related to free trade in lumber to the United States.

Mr. Bromley, I take your statements quite seriously in relation to the fact that this has been an ongoing issue. It was an issue in the last free trade agreement we signed. It was an issue before the last free trade agreement. It's an issue again today. The hyper-exceptionality based on this one fact, this Crown lands issue with the United States, calling it a great big subsidy for all of our industries here, is their problem. Since 1982, this has been something they've said was unfair. It's something that I think we as Canadians take great pride in, in terms of how we organize our land and natural resources towards public good, towards ensuring that our public coffers actually benefit from the sale of our great natural resources here in North America, here in Canada. I think that's something the Americans just simply don't understand.

I think we need to have a very strong approach, a united approach, that addresses some of the very original issues related to this very large trade dispute, and we should continue now to build on some of the arguments that are already present to Canadians. We know, for example, what Mr. Donald Trump wants. It's like a scary movie, this guy. We've watched this scary movie before. He was the president once already. The great advantage we as Canadians have today is the fact that in this scary movie we know when the jumps are. We know when the scary parts of this film are going to take place. We knew these tariffs were going to come. We knew that southern conservatives would try to do this. We should have had the ability to organize our labour, organize our management, and organize our industries towards a better outcome.

Some of the recommendations made by United Steelworkers, for example, on a liquidity fund to shore up some of the very serious issues of being unable to access capital could be met. That's something we could do today. We could do that right now to shore up some of our industries and prevent any job losses.

Mr. Bromley, with the recent news of Trump's plan to impose a 25% tariff on all Canadian exports.... I take your point, which is that we aren't even certain whether or not it's 25% plus the existing 14%, which would bring us above that. That's something the Prime Minister should have asked in his phone call and something he should ask today.

What does this actually mean for the union members of United Steelworkers? I'm sure they're very worried right now. What are their fears? What are you hearing from the shop floor, from our brothers and sisters who are working so diligently while under a very serious threat?

**Mr. Jeff Bromley:** The first question is, where are their paycheques? Are they going to be able to continue? Are there going to be layoffs, or will they even suffer from a permanent closure? Not far from you, up in your neck of the woods in northeastern B.C., across the border, the Fort St. John mill I referenced is going to close almost completely due to the current and pending softwood lumber duties. It's not about fibre supply. There's a good fibre basket out there. It's not about a lack of workforce. There's a good workforce in Fort St. John. Canfor came out and said that mill closure is almost completely due to the softwood lumber tariffs increasing this year and doubling next year.

To your question, they're wondering how they're going to pay their mortgages. They're wondering how they're going to pay their

bills. I hearken back to the point I'm making about our folks, our membership, living in largely rural communities. It's not as easy these days, in a housing market where you can't just sell your house and move to Vancouver or even move to Edmonton or Calgary. You can't just pick up and move your house. It's not that easy anymore. These folks, if they lose their jobs, they'll have to find work. Maybe they'll be working in northern Alberta, I don't know, but maybe they'll have to then do remote work.

It's creating a tremendous amount of stress to my membership, for sure.

• (1710)

**Mr. Blake Desjarlais:** This is one of the most important industries in Canada. We're a country that exports raw material. We're a country that prides itself on being able to supply not just America but the world with good materials. We are literally building the planet with good Canadian products here.

It's a deep shame to see our partners in the United States do something so callous—and, I would agree, illegal—to what is supposed to be one of our greatest relationships in the world.

Mr. Bromley, what would you suggest in terms of some of the items related to how we deal with Mr. Donald Trump in terms of the now overdue and done softwood lumber action plan? You submitted at that time, I'm certain, many recommendations. What recommendations do you think still stand and are present today for that important agreement? Are there lessons learned from that process? Would you recommend any of those processes to deal with this crisis today?

**The Chair:** Mr. Bromley, could you just make it a brief answer? It's simply because the member is out of time.

Give us a brief answer, please, so we can move on to the next member.

**Mr. Jeff Bromley:** I will be brief. Thank you, Madam Chair.

We talk about a housing crisis across Canada. Well, there's a housing crisis across the U.S. The simple fact of the matter is that the U.S. cannot supply 100% of their demand. There's a 30% market share that Canada usually has. They need our resource, and it is incumbent upon them to make sure that lumber gets into that market so that they can build the houses and increase the housing supply in the U.S.

**The Chair:** Thank you very much.

Next is Mr. Baldinelli for five minutes.

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

Thank you to the witnesses.

You can really hear the frustration in the comments of our industry stakeholders.



Mr. Bromley, in your comments, you said, “It is time that our government stands up for...our Canadian industry”. I agree. It's time to put Canada first. It's time to stand up for Canada and stand up for our workers and those businesses in the forestry sector.

My God, it's been nine years and three U.S. presidents, and we're still negotiating. Our previous prime minister, a Conservative prime minister, was able to get a deal done in 79 days. This inaction has cost the sector about \$9 billion. We're going from a 14% tariff currently.... There are discussions on that doubling next year, and just recently we've had the U.S. president-elect talking about a 25% tariff.

Our Prime Minister recently, in the United States, told a U.S. audience that it's a “small” issue. However, Mr. Bromley, you tell that to the workers in Vanderhoof and Fort St. John; that's 500 workers there. These duties and tariffs have a devastating impact on those communities and companies, including all of those small businesses.

When that announcement was made by Canfor in early September, Brian O'Rourke, president of United Steelworkers Local 1-2017, stated, “In a lot of the smaller rural communities, it's devastating because there are not really transferable jobs within the area”.

Mr. Bromley, how would you assess the Canadian federal government's handling of the softwood lumber negotiations? Do you believe that it has adequately protected the interests of B.C. forestry workers and communities?

**Mr. Jeff Bromley:** I'm going to be blunt and say “no”. As I mentioned, I've been yelling from the rooftops about this issue since I assumed this position six years ago, not long after this round of the fight started.

In my opinion, the attention paid by the federal government during that time has not been sufficient. It needs to be front of mind, with the amount of jobs that have been lost. The amount of devastation to the communities is growing and continues to grow, and there's been no.... It seems like the effort to try to change that narrative has been an abysmal failure, to be quite honest.

• (1715)

**Mr. Tony Baldinelli:** You also raised the point about the CUSMA and not being negotiated into that agreement. I'm just wondering if you could say anything more about that.

**Mr. Jeff Bromley:** As I mentioned, in 1987, when the first free trade agreement was negotiated with the United States, and continually through the variations that now include Mexico, the softwood lumber product going into the U.S. market has never been a part of that free trade agreement. Ultimately, it's not a free trade agreement, because there are exclusions.

It's an abundant shame because, within that agreement, whatever its flaws, there are processes to be able to dispute that. We can use processes at the U.S. Department of Commerce to appeal these duties, and we can use the World Trade Organization. However, when the U.S. deliberately doesn't fill positions so that we can argue in those, we don't have the ability, outside of these trade agreements. Not including softwood lumber agreements—

**Mr. Tony Baldinelli:** Thank you, Mr. Bromley.

I want to go to Mr. Dunn.

As president and CEO of the Ontario Forest Industries Association, you mentioned that you represent 50 companies with about 137,000 direct and indirect jobs.

What is the impact of the government's inaction and the lack of leadership on this file? How does that impact those 137,000 jobs in those small communities those people live in?

**Mr. Ian Dunn:** The answer is that it already has. Like I said, there is a mill in the northwest that's taking operational downtime with a reduction of shifts and with layoffs. There are two smaller family-run businesses in the eastern and central area of the province that will likely be shutting down.

**Mr. Tony Baldinelli:** You mentioned one that's been in business for 110 years with a licence. It's a family-run business that's had a licence for 110 years.

**Mr. Ian Dunn:** Yes. The business may not have been around for 110 years, but the family has held a licence to cut timber in Ontario for 110 years, and this person will likely be the last person to hold that licence.

**The Chair:** Thank you very much, sir.

Ms. Fortier, go ahead, please, for five minutes.

[*Translation*]

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

I thank the witnesses for being here today. This is obviously an important study, because it gives us an opportunity to shine a spotlight on the challenge we currently face and to gather recommendations from the witnesses that we will be able to submit to the government, or even to various partners, regarding the approach to be adopted, or measures to be taken, to solve this problem.

My first question is for all the witnesses.

The trade dispute between Canada and the United States over lumber has become one of the longest lasting between the two countries. We know that over the past 25 years, the American lumber industry has often tried to get the American government to put restrictions on Canadian lumber by applying American laws on countervailing duties and anti-dumping duties.

What do you think could be most useful to the Canadian representatives in any future negotiations?

I am going to start with Mr. Lebel. I would point out that I have no more than five minutes, so I would ask the witnesses to give succinct answers.

**Mr. Louis-Frédéric Lebel:** We have been embroiled in a dispute with the Americans about this subject for 25 years. It has become a business plan for the American coalition. Every time the provinces try to give in to demands, the rules of the game change, and a few years later we are facing the same problem.

We have to negotiate. I don't think we will ever reach an agreement by going to court. I think we have to negotiate in good faith for all actors, and that includes consumers, who are paying more for their products in the United States at present because of the tax being applied.

Given the situation we find ourselves in, with global warming and with a housing shortage all over North America, it seems to me that wood is part of the solution and should not be the subject of any trade disputes.

**Hon. Mona Fortier:** Thank you, Mr. Lebel.

What do you think, Mr. Bromley?

[English]

**Mr. Jeff Bromley:** I'm sorry; could you repeat the question?

• (1720)

**Hon. Mona Fortier:** I'll go to Mr. Dunn first, because of the translation. It's a long question.

**Mr. Ian Dunn:** I hope I have the right translation as well.

The dispute actually goes back to 1794 with Jay's Treaty between Canada and the United States, so this has been going on for a very long time.

You need a willing partner. As far as we're concerned, it doesn't appear like the U.S. industry is all that interested in negotiations.

What I would encourage the government to do is look at what we can control, and that includes a focus on competitiveness, attracting investment and reducing costs. These are things that will help the industry and are within the control of provincial and federal governments.

[Translation]

**Hon. Mona Fortier:** What could we do to be more competitive? Do you have any suggestions? We are looking for recommendations.

[English]

**Mr. Ian Dunn:** I'm sorry; you'll have to repeat that in English for me.

[Translation]

**Hon. Mona Fortier:** No, I can't do that.

How much speaking time do I have left, Madam Chair?

[English]

**The Chair:** You have a minute and a half.

[Translation]

**Hon. Mona Fortier:** Mr. Lebel, I will continue with you.

Do you have any other recommendations to make for us, to help the Canadian government put itself in a winning position, as you said in your opening remarks?

We know that the Canadian government has been working on this issue for years. You talked about going to court, but there may be other ways. We have invested in the industry. Is there something else that could be done to provide support and bring calm to the forest industry?

**Mr. Louis-Frédéric Lebel:** One way would be to help our industry continue to develop and innovate, so wood products could be used in other sectors that are not currently accessible, or accessible only to a very slight extent, such as multipurpose houses. That is a whole new innovation that came about in the last decade and could help us. We could construct this kind of building in Canada. We could even persuade our American friends that this is the road to take.

**Hon. Mona Fortier:** Have you received any investments from the government to support you in your innovation efforts and put you in a winning position?

**Mr. Louis-Frédéric Lebel:** Unfortunately, because of the position taken by the federal government, which is to defend us in the courts, it is unable or unwilling to help us via its various financial arms, such as Economic Development for Quebec Regions. Often, we often submit ideas and projects but are told that we cannot receive federal aid because Canada is in a dispute with the Americans about softwood lumber. This is absurd. As a business, we are caught in a vicious circle.

**Hon. Mona Fortier:** Thank you.

[English]

**The Chair:** Thank you very much.

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

[Translation]

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

Good afternoon, everyone.

Thanks to all the witnesses for their presentations.

My first question is for Mr. Bromley, from the Wood Council.

There is a big impact on the workers and communities suffering layoffs and shutdowns, but on top of that, the fact that there are no trade agreements is also creating a climate of uncertainty that I assume limits any new investment in certain products that might be good business opportunities.

Is that the case? Do you agree with that statement? If so, what effects is this uncertainty having?

[English]

**Mr. Jeff Bromley:** I think the impact is tremendous and it's certainly set up as a barrier. As I mentioned before, I had the opportunity to tour a mill in Chibougamau, Quebec, last week with the Chantiers group. It has a traditional sawmill, but it also has a mass timber product mill that produces these mass timber beams, walls, roofs and all sorts of really high-value products that it's taken the initiative on and invested in. That's one of the good-news stories.

There's a lot of opportunity out there throughout the country that's now hampered. That investment won't happen, because of the uncertainty and because they don't know what their costs are going to be. They don't want to take the risk if they're just going to continue to be hammered in their ability to earn a return.

Until we get something settled, from a federal government standpoint, we have to either try to incentivize it for companies to invest in such products as mass timber and things of that nature, or get a deal so that the certainty is there and they will naturally do it.

• (1725)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Regarding the agreement, to your knowledge, have there been any advances in terms of updating the Softwood Lumber Action Plan that ended in 2020? What do you think should be included in the action plan as a priority?

[English]

**The Chair:** Give a brief answer, sir.

**Mr. Jeff Bromley:** Again, I think the only answer right now, save putting all our focus on getting a deal, is to try to produce some certainty to get folks and these companies to be able to reinvest in our industry.

**The Chair:** Thank you very much.

Mr. Desjarlais, you have two and a half minutes.

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

Again, thank you to the witnesses for being present in this important study and for their expertise, given the immense difficulty we are currently met with.

We have serious challenges—there's no question about that—but the workers who are in these mills have extraordinary challenges. The cost of living continues to increase. We see this tariff threat, which will largely displace their ability to go to work. We see the impacts on rural communities, in particular. Canada's rural communities have taken a lot of hits, from natural disasters to recovery from those expenses, the cost of living and these tariffs that threaten their industry. It's quite serious.

The message I take away from today, especially from Mr. Bromley, is that we need to act and make it a national priority for us to finally deal with a decades-long problem. It's one that saw the Conservatives lose over 10,000 jobs in mills, and the current Liberals are proposing, through inaction, to lose even more. That's the real, credible, serious issue we're dealing with today.

I think my question is for Mr. Bromley. Can you share with us some final words on what we can do to ensure that labour, particularly, is at the forefront of these discussions?

The New Democrats are deeply committed to seeing our workers and labour unions at the forefront of this plan, because that's largely what's been missing in the past. We've seen so many workers and labour unions taking a back seat so many times in these discussions that impact their lives. We want to organize a team of people here in Ottawa and across the country who can deal with this incredible challenge by focusing our efforts on the impacts to workers, focusing on the expertise of workers and bringing in unions to help lead that challenge.

Do you agree that we need to see a whole-of-Canada approach, led by workers and unions, to achieve, hopefully, a better outcome than what we've seen in the past?

**Mr. Jeff Bromley:** I certainly agree and concur with your statement about labour having a seat at the table. I think that needs to happen. We certainly have a front row seat to the impacts of unfair agreements, layoffs, closures and whatnot. We need to be part of that solution.

I'll be honest with you. I negotiate agreements for a living. Now, do I negotiate massive trade agreements? No, I negotiate collective agreements. Nonetheless, we can bring a certain perspective to that table, a human perspective.

I'll leave one last comment. I keep hearkening back to the 2006-2017 deal. It was a deal that gave us some certainty, but it was also a deal that... Our companies that got their money back in that deal invested largely in the southeastern United States. Now Canfor and West Fraser are among the biggest lumber producers in the United States. They're now on both sides of the border and enjoying the fruits of this disagreement, but in the United States, which is extremely unfortunate.

**The Chair:** Thank you.

Mr. Williams, you have four minutes, please.

**Mr. Ryan Williams (Bay of Quinte, CPC):** Thank you, Madam Chair.

Thank you to our witnesses for attending this very important meeting today.

Mr. Dunn, I know you represent a lot of different businesses in the industry here in Canada. We want to talk specifically about the economic impacts and what's happened with this industry in the last decade. Can you tell me what we've seen in terms of loss of jobs? We can talk about workers as a whole and plants. I know that Trenton, Ontario, had Cascades close down last year. There were 148 workers there.

Can you give us the lowdown of what's happened in the last 10 years as we haven't stood up to this industry, as tariffs have gone up and as we've seen investment go south?

• (1730)

**Mr. Ian Dunn:** I know that facility in your riding very well. They are a member of ours.

Earlier, I mentioned the need to attract investment into these facilities. I think that's a really important key message to leave.

In terms of impacts to employment, I mentioned earlier that, since the early 2000s, employment in the forest industry in Ontario has fallen by half, from 80,000 direct jobs to 40,000 direct jobs currently. That's due to a combination of a number of economic factors. We've seen curtailments, rationalizations, consolidation and the industry going to the U.S., Uruguay, Paraguay, Brazil and Indonesia, and not coming to Canada. I think the focus on competitiveness is incredibly important.

On the softwood lumber piece, if the duties are 25% on all forest products, that's another discussion. The softwood lumber duties, in combination with all of these other economic factors, have led to significant declines in employment in Ontario.

**Mr. Ryan Williams:** To that point, we know the famous announcement this week from President-elect Trump that there will be 25% further tariffs on all goods in Canada.

What will that mean to those 40,000 jobs in Ontario?

**Mr. Ian Dunn:** We have 137,000 direct, indirect and induced jobs. That's the number we like to see.

I don't like to use Twitter or Truth Social as a litmus test for trade between our two countries, but if that does happen and that threat is serious, it will have far-reaching and devastating impacts on those jobs.

**Mr. Ryan Williams:** One of the things I really love about the forest sector is that they plant trees. The forest sector in Canada plants 400-plus million trees a year. This government made an announcement about planting a couple of billion trees, and it hasn't even touched that.

How important is it for the future of this industry to grow, and not to see a decrease? What does that mean for workers, jobs and paycheques in terms of having this industry grow and not be diminished?

**Mr. Ian Dunn:** It is essential. We harvest 13.5 million cubic metres of timber in the province per year. The annual allowable cut is 28 million cubic metres. With that 13.5 million cubic metres, we employ 137,000 workers. If we could raise the harvest, we could encourage these investments and bring in new capacity online in Ontario. The benefits to northern, rural and indigenous communities in Ontario would be tremendous. There are all kinds of opportunities.

Finland is a really interesting case study in what you can do with a forest sector and an advanced bioeconomy. They're a country a third of the size of Ontario, and they harvest 80 million cubic metres per year. They grow 120 million cubic metres per year; we grow about 40 million. It's not that 28 million cubic metres is a ceiling; we can grow more trees. We can grow trees faster in Canada.

**Mr. Ryan Williams:** My last question will be—

**The Chair:** You have 11 seconds.

**Mr. Ryan Williams:** On a scale of one to 10, how important is it to have a prime minister who will stand up to end the softwood lumber tariffs and stand up for Ontario forest workers?

**Mr. Ian Dunn:** It's very important.

**The Chair:** Thank you very much.

We're moving on to Mr. Sheehan.

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

I'll be sharing my time with Chandra.

I wanted to make a statement picking up on what the NDP member said, that this issue has been going on for quite some time and the Conservatives are acting like Harper saved a bunch of jobs. From my personal experience in my backyard, St. Marys Paper was closed when Stephen Harper was Prime Minister. White River was shuttered.

When a sawmill closes.... I was a city councillor and I also worked for the Ministry of Training, Colleges and Universities, and we used to have these things called labour adjustment community adjustments. The people who led that would make the point that when someone loses their job in small-town Canada—say, at a sawmill that closed while Harper was Prime Minister the two times, in 2007 and 2011—not only do they lose their job, but they lose the equity in their homes, because that is, a lot of times, the proverbial one-horse industry, and when that closes, people also lose the equity. In a large city, it's still terrible when workers lose their jobs, but they can drive to another area easily, whereas someone in White River, which is between Thunder Bay and Sault Ste. Marie, can't just drive down the street and pick up another job.

Can you comment on the effects of these job losses throughout the 30-year period, in particular on small-town Canada?

• (1735)

**Mr. Jeff Bromley:** I can go first if you like.

**Mr. Ian Dunn:** Go ahead.

**Mr. Jeff Bromley:** I can comment personally. I saw Canal Flats, British Columbia, just a little bit north of where I live in the East Kootenays in southeastern British Columbia, lose its mill in 2015. It closed 180 direct jobs in the small community of Canal Flats, out of about 1,000 people who lived there. It's the proverbial one-horse town. There was one industry, and it closed. Those friends and family members had to either pick up and move, which is difficult, as you mentioned, or stay and keep their home there, and then they had to commute. They had to commute north to the mines, hours away, and then they were away from their loved ones. They were working one week in and one week out, or two weeks in and two weeks out.

That eliminates your hockey coaches. It eliminates your community supports. The tax base for the actual community is devastated. The effects are far-reaching. I think sometimes they're not measured by the human impact, especially on families and folks, when folks have to then travel to work instead of being home in their own beds every night.

**Mr. Terry Sheehan:** Thank you very much for that. That's very insightful.

I'll give the rest of my time to Chandra.

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

Mr. Dunn, it was quite refreshing to listen to you.

In the history of this lumber dispute, did you mention 1794?

**Mr. Ian Dunn:** Yes, it goes back to 1794.

**Mr. Chandra Arya:** This has been going on.

Why has the domestic industry not looked at markets elsewhere, as Finland has done?

**Mr. Ian Dunn:** Across Canada, the industry is certainly looking at other markets, and it does ship to other markets. For Ontario, it's an issue of geography; it's not easily accessible by port, so it is a challenge.

Our industry exports about \$8 billion of forestry goods every year, and 97% of that goes to the United States. I know some of our members have clients in Asian countries, but it's a very small amount and a very small dollar amount.

There are opportunities to increase consumption domestically. We've talked about mass timber. There are really exciting developments in the energy space and biomaterial space, but you are never going to replace the impact of the American market for softwood lumber.

**The Chair:** Thank you very much.

Thank you to our witnesses. We very much appreciate the information.

We will suspend for a moment while our other panel comes on.

Thank you very much.

• (1735) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1740)

**The Chair:** I call the meeting back to order.

For the remaining time, we have with us the Quebec Forest Industry Council and—

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Madam Chair, before we continue, could I make a comment?

[*English*]

**The Chair:** Yes, go ahead.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** During the first part of the meeting, my colleague asked a witness a question in French,

and he then asked her to repeat it to him in English. We should never have this said to us. For this hour, there are no witnesses present in person, but I still think it is important to very clearly remind people attending the meeting in person to always wear their earpiece, because getting an answer like that can be very frustrating.

[*English*]

**Mr. Blake Desjarlais:** I have a point of order on the same point.

**The Chair:** Yes, go ahead.

**Mr. Blake Desjarlais:** Although I'm learning French and trying my very best, I do respect the right of all members to use that language. I think one of the ways that we can ensure that members are not penalized is if our chair—and it's not a challenge, but a suggestion—would stop the clock and then allow the member...as in the last case. I think that was the concern that our Liberal colleague, Ms. Fortier, had.

When those instances arise, perhaps our chair could stop the clock and maybe use her discretion to then ask them to put the earpiece on.

**The Chair:** Thank you very much.

I think the best idea is, at the very beginning of the meeting, to ensure that the witness... He was told to put it on, but he chose not to. In the future, I will start by making sure they have theirs so we don't lose time. Otherwise, I would stop the clock.

[*Translation*]

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

[*English*]

**The Chair:** We have with us, from the Quebec Forest Industry Council, Jean-François Samray, president and chief executive officer. From Sinclair Group Forest Products Ltd., we have Greg Stewart, president. Both are appearing by video conference. Welcome to both gentlemen.

Mr. Samray, you have up to five minutes, please, to speak to the committee.

[*Translation*]

**Mr. Jean-François Samray (President and Chief Executive Officer, Québec Forest Industry Council):** Thank you, Madam Chair.

Let's move on now.

The Québec Forest Industry Council represents all lumber, veneer, panel manufacturing, pulp and paper, cardboard and engineered wood companies, as well as merchandise and equipment producers and research firms. All of these activities enable the Quebec forest sector to support 130,000 jobs in Quebec, produce exports valued at \$12 billion, contribute \$17.8 billion to the gross domestic product, generate tax and other levies amounting to \$6 billion of which \$2 billion goes to the federal government, and support the economic activity and vitality of over 900 municipalities in Quebec.

We are here today to talk about the fifth softwood lumber dispute, which started on November 25, 2016, with the filing of the petition by the US Lumber Coalition. We are thus entering the ninth year of this dispute. To date, that amounts to very nearly \$10 billion in duty deposits for all of Canada and over \$2 billion for Quebec.

Despite all this time—for nearly eight years—there has been no judgment to bring back the portion of the duty deposits that was very unfairly paid by Quebec and Canadian mills. Despite all the provisions made in the North American Free Trade Agreement and the Canada—United States—Mexico agreement, and despite the provisions calling for 315 days between when a complaint is filed and when it is heard and analyzed and a decision issued, nearly six years have passed since 2017-18 and not a single dollar has come back yet.

This is hurting the economies of Quebec and Canada. The companies have had to spend money to produce their wood that was exported to the United States, but they have not received the revenue that should have resulted, because that revenue has been blocked at the border since 2018, 2019, 2020, 2021 and 2022. The years have all added up, and the total for the years as they pass is hurting our social safety net, because the governments of Quebec and Canada have been unable to collect tax on those funds and use it to support our social model.

We find ourselves today in a situation where no decision has yet been made. There is definitely a problem with the way the panels work and Canada's ability to appoint people to hear cases. I have even recommended that there be a school to train people to play this role, the problem is so bad. If there is no panel, there is no decision.

Behind it all, the dispute is also hurting American consumers. Because the United States is not self-sufficient in lumber, cardboard, paper and panels, Canadian products are needed there. Despite what the US Lumber Coalition may say—that a small number of new mills actually have been opened in the American industry—the net effect is that the industry meets about 70% of Americans' needs. The United States therefore needs wood and products from Canada.

Black Friday, the festival of cardboard boxes, has just ended. Christmas is around the corner. Christmas without wrapping paper, without boxes, without all the trimmings that come from the forest industry, is difficult for the economy. During the COVID-19 crisis, we saw the importance of the forest industry for meeting our society's basic needs. So this presents a problem for jobs in Canada, for the communities in our country, and for Canadian consumers.

I would say that it essential to be able to appoint people to sit on panels and enforce the agreement signed by both parties. It is essential for the Canadian economy.

I will be happy to answer questions.

• (1745)

[*English*]

**The Chair:** Thank you very much.

We now move to Mr. Stewart for five minutes, please.

**Mr. Greg Stewart (President, Sinclar Group Forest Products Ltd.):** Thank you, Madam Chair.

Thank you for the opportunity to appear before you today.

My name is Greg Stewart. I'm the president of Sinclar Group Forest Products. I'm also the co-chair of the British Columbia Lumber Trade Council. Kurt Niquidet, the president of the BC Lumber Trade Council, presented at an earlier meeting, so my comments will be focused on Sinclar Group Forest Products and the impact of the unwarranted duties on our operations.

Across Canada, the forest sector generates 382,000 jobs and contributes \$25 billion to GDP. British Columbia is a key player, accounting for 40% of Canada's softwood lumber exports to the U.S. and supporting approximately 100,000 jobs.

Sinclar Group Forest Products is a third-generation company based in the central interior of British Columbia. We have three stud lumber sawmills and a pellet plant. Over our 62-year history, we have taken pride in working in the communities of Fort St. James, Vanderhoof and Prince George. We have benefited from and grown because of our long-term relationships with our first nation partners. Sinclar has advanced social and environmental initiatives, like the Prince George downtown renewable energy system, by deploying technology and partnering with local stakeholders.

We employ 450 employees across our five operations, which is a small fraction of the federal and provincial forest sector's total employment. However, Sinclar Group's experience is representative of small and medium-sized lumber operations across the country. With over \$10 billion Canadian in cash deposits being held at the U.S. border, the Canadian industry is being harmed by the continued imposition of unjustified duties. The duty payments for small and medium-sized enterprises in the forest sector have a significant impact on our ability to finance our operations.

In addition to paying the duties, we are required to post bonds of at least 10% of the expected annual lumber duty payments. Without these bonds in place, Canadian companies are not able to ship to the United States. If we exceed the bond's limit, we cannot expand its capacity. Rather, we have to post a new, additional bond. It is difficult to determine the exact amount required in the coming year, so it is not uncommon to post bonds 10% to 20% higher than is needed just to avoid saturating the bond. These bonds must remain in place until the border shipments are processed and liquidated.

Given the ongoing legal proceedings associated with the softwood lumber dispute, as very clearly communicated by Mr. Samray, no duties have been liquidated. Rather, the bonds continue to accumulate for small and medium-sized businesses.

The financial burden is projected to increase dramatically in 2025, when duty rates are expected to rise from 14% to approximately 30%. This will threaten the viability of the Canadian lumber mills and significantly impact rural communities. This threatens the established partnerships and the continued economic, social and environmental progress in forestry-dependent rural communities.

For small and medium-sized lumber producers like Sinclair, the best possible outcome is being able to negotiate a settlement to the softwood lumber dispute. Reaching a desirable long-term agreement needs to be the priority. However, it takes two parties to negotiate. Given the pending change in the United States government, it's unlikely the Canadian government will be able to negotiate a settlement before the imposition of higher duties in 2025. Given the significant impact that an anticipated 30% duty will have on lumber mills and the communities, urgent federal support is needed to prevent mill closures and job losses.

This support should include financing solutions such as a loan program for the punitive, unwarranted duties, as well as federal programs through agencies like EDC that could be deployed to minimize the financial burden of the additive bonds for small and medium-sized companies. These programs should be prioritized ahead of the 2025 budget.

Thank you again for allowing me to speak. I look forward to your questions.

• (1750)

**The Chair:** Thank you very much.

We'll go to Mr. Zimmer for six minutes, please.

**Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC):** Thank you, everybody.

It's good to have you back again, Greg. My questions will be for you.

This is from a press statement of the BC Council of Forest Industries' response to the latest mill closures, from September 5, 2024:

COFI calls on British Columbia to work with the federal government to put in place a durable solution to the long-standing Canada-US softwood lumber trade dispute. Urgent action is required to defend BC producers, workers, and communities from the disruptive impacts of these unfair and unwarranted tariffs.

Greg, you just referred to them. After nine years and three U.S. presidents, we still don't have a softwood lumber agreement. Because of that lack of action, we saw softwood lumber tariffs double this summer to 14.5%. We have heard that it's going up another 11%, and you just said it's going up to 30%.

How have these softwood lumber tariff increases affected forest families in B.C.?

**Mr. Greg Stewart:** First and foremost, obviously, the continued holding of the duties at the border.... That's a significant amount of money for small and medium-sized businesses, not to mention for large businesses. Obviously, for a small or medium-sized business that doesn't have easy access to liquidity or the ability to finance operations, it has really prevented the ongoing investment in those communities and providing that increased certainty for workers and employees in those towns and in the companies.

**Mr. Bob Zimmer:** Thanks, Greg.

I will quote another article, from BIV, entitled "Canfor's B.C. mill closures prompts call to stabilize timber supply":

What's been limiting the timber supply lately is government policies, he said, including a moratorium on logging old growth stands...tenure transfers, a 30 by 30 conservation goal, and eco-system based land management.

You referred to the people in your mills. I've heard you tell stories about your dad, and I've even heard from the people who used to work in the mills. They still remember your dad walking through the mill and getting to know them and their families. The Sinclair Group was, and is, very much a family company. How devastating has this softwood lumber shutdown been for you, your business and other businesses?

**Mr. Greg Stewart:** It's been significant in terms of the impact. You referenced, actually, my grandfather. I'm still trying to keep up to the standard that he set for me in the mills.

The challenge we have is that we are very community-based. We focus on our communities and believe the solutions are in our communities. The hard part, with these duties, is that they're being done by a foreign entity—the United States—and it's out of our control. It creates an incredible amount of uncertainty and prevents us from making long-term decisions for the operations, because we don't know how long this is going to continue and we don't have access to that cash flow.

**Mr. Bob Zimmer:** Specifically, Greg, you have to face these folks who used to work in the mills—and I know you've been directly affected by mill closures. You have to face the families and tell them, "I'm sorry, but we don't have any more work for you." I know it impacts your family too, because you're the one who has to face them and tell them, "There's no more work for you." I'd say that, even in Prince George at large, with other mills that are beside you in that corridor, mills that have closed already, after operating for 50-plus years, the impacts on the community can't be overstated. We talk in dollars and cents, business and the economic impacts of it, but there's a personal impact on the community.

Just speak to that, Greg, if you would.

• (1755)

**Mr. Greg Stewart:** Absolutely. In the earlier session of this meeting, there was a lot of discussion about communities as well. One impact on communities is that, when a decision like that is made, it is final. Unlike in a larger community, where there's other employment and other reasons to keep people in the community, when a mill is closed, oftentimes it is fatal for that community, in that people have to move away and try to find jobs elsewhere. Being able to reopen installed assets is very unlikely, and it makes it very difficult to bounce back from a closure decision.

**Mr. Bob Zimmer:** It was said before by other members, and I interviewed a bunch of people, just in Fort St. John. There's nowhere else for these folks to go.

This is from a mill manager in northeastern B.C., who wishes to remain anonymous. He 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, 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 even greater than 50%."

My question is, will there be any forestry jobs left in northeastern B.C. if the federal and provincial governments' restrictions and closures continue?

**Mr. Greg Stewart:** I'm not as familiar with northeastern B.C., so I can't necessarily speak to the specifics of that.

**Mr. Bob Zimmer:** Let's just say northern B.C. Let's include Prince George in this conversation.

**Mr. Greg Stewart:** The reality of it is.... I believe there is a future for forestry. I think that we're going to have to look at forestry a bit differently too. Forestry is a great way to combat climate change. It gives us an opportunity to manage forest health so that we can prevent wildfires. All of that relies on the forest industry being an active participant in managing the land base. I think it takes a lot of dialogue and discussion among the various stakeholders with special interests on the land base to really understand and communicate how we can all work together to achieve the multi-variable values from the land base.

**The Chair:** Thank you very much, sir.

We go to Mr. Sidhu, please, for six minutes.

**Mr. Maninder Sidhu:** Thanks, Madam Chair.

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

Canada has long-standing agreements with international partners: CPTPP, CETA, CUSMA and about a dozen other trade agreements. Besides the North American market, where does your industry see the greatest potential?

Maybe we can go to Mr. Samray.

**Mr. Jean-François Samray:** It will be my pleasure to answer the question.

First of all, we have to realize that Canadian companies are exporting.... I would say Quebec exports half of its production to the United States, which is 25% less than the normal manufacturing company. We're already diversifying when it comes to pulp and paper and cardboard, so there are exports that are done.

If we want to go somewhere else, if we want to develop markets, it takes a long-term perspective. It takes some support and it also takes certainty on the volumes you're going to get. Seeing that all the rest of the world is going to the best market, which is the United States, having them next to us is a great advantage. Exporting 50% is already a diversified market, in a market that is paying the best price and that is not self-sufficient.

There is some initiative, and value-added products are exported, but it is not something that you do overnight. Some programs, like IFIT and refunding heavily IFIT, just like Finland is doing on their side, could be a way of having a long-term perspective, but it's certainly not something you do overnight.

**Mr. Maninder Sidhu:** Perhaps I can hear from Mr. Stewart on this, about diversification into other markets and where you see the greatest potential.

**Mr. Greg Stewart:** Sure. Again, I would reflect the same comments. The United States is the single largest softwood lumber market available to us, and we're very fortunate to have them just south of our border.

I think part of the answer to that really depends on the types of products that we are able to produce in the various regions, and what the actual application is for the species, the size of the lumber and so forth.

In our case, we produce stud lumber at all three of our mills. Just for reference, stud lumber is the vertical member that goes into a wall panel. We've intentionally moved in that way because of the size and profile of the logs in our area. When you look at the markets available for stud lumber, it's really dependent on those markets that are very similar to Canada in terms of the building codes they have, which is Canada, the U.S. and Japan.

We also have value-added products. We produce pellets for sale. Historically, they had been going over to Europe, and more recently, they're now almost 100% going to Asia. I think that value-added products do open up some other opportunities in terms of different markets that we could potentially explore, but the challenge is the volumes and being able to move volumes around. Just like Jean-François just mentioned, it does take time to develop those other markets and make sure that the transition is done effectively so as not to cause too much disruption.

• (1800)

**Mr. Maninder Sidhu:** You spoke about Canadian needs here in Canada. Our government has an ambitious plan to build 3.9 million homes within the next 10 years, working with provinces, municipalities and industry. What impact would that have in terms of local lumber supplies? Do you have enough supply to provide to the local market as we build these homes across Canada?

**Mr. Greg Stewart:** I think, fundamentally, the answer to that is yes. If you look at.... Even within British Columbia, if we were to fully utilize all the wood that was produced here to build mass timber, for example, we still have 95% at least of our wood that needs to be exported outside of the province of British Columbia. There is a significant amount of lumber available for those projects, and we should be able to support the housing construction.

What's interesting in all of that is that, if you move to off-site construction, so that you can better deploy housing solutions, it may open up the opportunity for increased value-added use around engineered wood products in those off-site constructions, because they rely so much on consistency of raw materials.



**Mr. Maninder Sidhu:** I'd like to hear from you guys on something. We have a housing accelerator fund, and we heard the Leader of the Opposition say he wants to cancel it.

In my city of Brampton, that's going to help build close to 24,000 homes, working with the municipality and working with city hall there. The housing accelerator fund is going to build thousands of units across Canada. What we're hearing from mayors is that it's a vital fund to get houses built and get plans in place.

What are your thoughts on our ambitious strategy to build more homes, and how can it support local businesses like yours?

**Mr. Jean-François Samray:** If I may answer this one, I think it is important. The federal government and the provincial governments definitely have a role in order to make better use of forest products. It is a GHG-neutral product that is also helping to reduce GHG emissions. On top of that, some regulations could be made, the way they did in the city of Toronto, putting a threshold on the maximum carbon footprint for each and every building in order to embed carbon into construction.

It's a win-win-win situation. Provincial, federal and municipal governments do have a critical role in making it happen.

**The Chair:** Thank you very much.

Mr. Savard-Tremblay, you have six minutes, please.

[Translation]

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

Thanks to the witnesses for being here.

Mr. Samray, we have had two budget announcements recently. First, Ottawa is temporarily suspending the GST. That is the topic of the hour, but it affects you too. Second, Quebec has announced that it is putting an industry loan program in place in order to restore cash flow to businesses, while waiting to recover the deposits being withheld because of the lumber dispute.

Do you have any comments on these two measures? Do you think they are useful measures?

In addition, should Ottawa follow in Quebec's footsteps on the loan program?

**Mr. Jean-François Samray:** I think the witnesses have given a good explanation of the situation. There is an enormous cash flow problem associated with the duty deposits. I am going to weigh my words carefully, because I know the American coalition and its lawyers have access to the transcripts of our meetings. I don't know how those people get them, but we are going to be careful about what we say, since our words could be used against us.

That said, I think the Quebec government has taken an initial measure that will bring us up to the end of the budget year. The program will offer a total of \$100 million in loans. Each company will be able to get a loan of up to \$5 million. While that is a tiny fraction of the duty deposits, this will provide cash flow for the companies and give them an opportunity to finance the growing stock of wood they have to harvest, given that no one goes into the forest during the thaw. So that is essential.

As I think you have heard from all the companies and representatives Canada-wide, a measure like this has to be put in place nationally also. Ten percent is a magnificent effort, but it is not enough, given everything it represents. As well, that money will go directly into the Canadian economy, so it is a necessity.

• (1805)

**Mr. Simon-Pierre Savard-Tremblay:** What do you think a reasonable time would be for granting these loans? Do you think this money should be released on an urgent basis?

**Mr. Jean-François Samray:** I think this is a national priority. I believe the money should be disbursed immediately, and then the government will get it back out of taxes and other levies, in addition to it fuelling the industry as a whole.

In the coming year, there might actually be higher tariffs solely because of the lumber dispute. In the circumstances, this liquidity would enable everyone to get through the next year.

I think this is a decisive factor. This kind of government action is urgently needed, preferably before the Christmas holiday.

**Mr. Simon-Pierre Savard-Tremblay:** We hear what you're saying.

The lumber dispute has arisen so persistently in the last 40 years that it has become a kind of background noise to politics in Canada, Quebec and the United States. As you know better than anyone here.

You testified before the committee in the past, for a previous study. I would like to ask you a question again that I asked at that time, because the issue has unfortunately not been resolved yet. I had asked you whether you agreed on recognizing the distinctiveness of Quebec's forest system, and your answer was yes. As we know, that system was redesigned and revised precisely to comply with the free trade rules. That is the goal. It was made specifically for that. We told ourselves that the problems were behind us and the price would now be set by auction—by the market.

In November 2023, in connection with a similar study, this committee tabled a report in which the idea you had supported was the subject of one of our recommendations. Even though the Minister of International Trade literally said that the Government of Canada accepted that recommendation, from what I see today, that distinction is no longer recognized.

Do you still take that position?

**Mr. Jean-François Samray:** I think Quebec's present system was designed to meet the American needs, as were Ontario's and British Columbia's, for example. That is the case for most of the systems. In Quebec, we have always sought to do better, again and again. Ultimately, the industry finds itself having to face the limitations created by the system.

Are we obliged to do this much? I think we have to ask ourselves the question in the context of a review of the existing forest system. Should we instead do the bare minimum required, given that once the trade peace ends, a new demand for tariffs will be made? I think there is something to consider here.

**Mr. Simon-Pierre Savard-Tremblay:** As you say, a lot of sacrifices and changes have been made, but this has not produced the anticipated results. To get to that, we have to dispel the confusion created by Washington when it says that if the forest is public then it is necessarily subsidized in some way. This confusion must be dispelled and we have to explain the truth of the matter.

**Mr. Jean-François Samray:** Yes. That said, what I am going to tell you may surprise the members of the committee, but the judges appointed by President Trump during his previous term, who were more conservative, handed down a decision in the Loper Bright Enterprises case that is crucial for what comes next in the discussion. That decision held that the United States Department of Commerce may no longer interpret legislation or other measures enacted by Congress that are not clear by saying that Commerce itself cannot err. The United States Supreme Court has thus held that such provisions may not be interpreted freely and in such a way as to see what it wants to see in them, but which does not truly reflect congressional intent. This was a significant change. I think that from the perspective of the decision to be made in the coming year, that might bring about some progress in the lumber dispute.

• (1810)

[English]

**The Chair:** Thank you very much.

Mr. Desjarlais, go ahead for six minutes, please.

**Mr. Blake Desjarlais:** Thank you very much.

I'd like to thank the witnesses for being present today.

I'll start with Mr. Stewart.

British Columbia is right next to Alberta, right next to us. I imagine that you know that, both right across the border and right across the west, many families deeply depend on softwood lumber and the very good jobs that it brings to many folks, particularly in rural parts of the west. It brings so many jobs, in fact, that many communities deeply rely on them.

For this committee's better attention and for the study report, would you be able to provide us with the number of unionized workers within your business?

**Mr. Greg Stewart:** Sure. Within my business, there is one operation that is unionized, with approximately 135 employees.

**Mr. Blake Desjarlais:** Thank you very much.

Mr. Samray, I'll ask the same question of you.

**Mr. Jean-François Samray:** The Quebec Forest Industry Council has close to 40 employees who are not unionized, but the industry is mostly unionized. Starting with the paper mill, the cardboard.... It is mostly unionized jobs in the forest sector in Quebec.

**Mr. Blake Desjarlais:** Thank you very much.

What is the average hourly wage or salary of these workers?

Go ahead, Mr. Stewart.

**Mr. Greg Stewart:** I think you can expect that people are making, on average, between \$70,000 and \$100,000 a year. Off the top of my head, I can't tell you specifically what the hourly wage rate would be.

**Mr. Blake Desjarlais:** That's okay.

Mr. Samray.

**Mr. Jean-François Samray:** I'd say it's more or less the same thing. The more value is added to the product, the more specific the job is and the more knowledge it takes, the better the pay is. For sure, this level of income in rural communities is like \$300,000 in Toronto.

**Mr. Blake Desjarlais:** I would agree, and I think you would agree that these are good, well-paying jobs and, in many cases, good union jobs. Is that correct, Mr. Stewart?

**Mr. Greg Stewart:** Yes, absolutely. They're great, well-paying jobs, and they lead to great livelihoods for families.

**Mr. Blake Desjarlais:** Mr. Samray, do you have any additional information?

**Mr. Jean-François Samray:** It's definitely a well-paid job that supports suppliers and supports the entire community. Being unionized or not doesn't make a difference. They are important jobs, and we also have some co-operatives in Quebec that are doing a lot of work. For them, they're the owners, so they have a different way of looking at it. They need to be unionized. For them, they are the owner, so they do the management as well but, yes, they are well-paid jobs that are important for vibrant communities.

**Mr. Blake Desjarlais:** Thank you both very much for that.

Considering the volatility of this, of course, unionized work is paramount to many of the workers who are putting their blood, sweat and tears into this industry. They need to know that, in the instance when they lose their job, their union will be there to protect them.

I appreciate both of you for answering those questions.

The last time U.S. tariffs were imposed on your industry—just recently, in August, they went up to 14%—how many people were laid off in your associations or your businesses?

**Mr. Greg Stewart:** No one was laid off after the increase to 14%. We had already made decisions previously to reduce one of our mills to one shift due to the overall economic conditions, including the duties.

**Mr. Blake Desjarlais:** Thank you for that. It's an incredible feat that management and labour can jointly come together on these kinds of decisions that protect good-paying jobs and protect people on the shop floor.

I appreciate that answer.

Mr. Samray.

**Mr. Jean-François Samray:** It's probably around the same kind of thing.

Forest fires have a bigger impact than the tariffs. People are reducing the number of shifts and are sharing the job. We need to realize that some of the families at the sawmills, just like Greg's, are there for a sixth generation. They know everyone. Their kids are playing with everyone, so they'd better share the job. There's community management that is done. I guess that's where we are for the time being. There are multiple factors, with the forest fires and the tariffs.

On top of that, I would say the delay in government support to solve the housing crisis is lagging behind the demand where it should be to solve the social crisis.

• (1815)

**Mr. Blake Desjarlais:** Thank you, both.

How much time do I have, Madam Chair?

**The Chair:** You have 57 seconds.

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

Thank you to the witnesses again.

I think it's been clearly put out there that these jobs are very much worth defending. These jobs are critical to rural communities. They're critical to indigenous communities, and they're critical to provinces, from Quebec all the way to British Columbia. I think that point is very clear from both of you today, and it will certainly be found within our report.

I will just conclude. I don't have enough time for a question, but I would like to propose a thought for my next round of questioning, since I have limited time. If you can keep this question in mind, by the time we come back around, I hope we can have a fulsome response.

Relative to your recommendations, how can we move forward in this instance, particularly in our relationships with premiers and other jurisdictions? That will be my next question.

Thank you.

**The Chair:** We'll move next to Mr. Martel for five minutes.

[*Translation*]

**Mr. Richard Martel:** Thank you, Madam Chair.

I thank the witnesses for being here today. We are happy to see them.

Mr. Samray, if the trade negotiations remain blocked or remain at an impasse, what will be the long-term consequences be for rural communities and the workers who are directly dependent on the forest sector?

**Mr. Jean-François Samray:** It is always a pleasure to see you again, Mr. Martel.

**Mr. Richard Martel:** Thank you.

**Mr. Jean-François Samray:** My answer will be complex, because your question is not simple.

In fact, the consequences will depend on the demand for the product. In a market where demand is higher than supply, the buyer pays the tax: if they want the product, they have to pay the price. In a market where demand is dropping, as was the case over the last two years because of mortgage rates and government decisions, the producer pays the tax. That has repercussions. What we are seeing take shape is a market in which mortgage rates are low, because inflation has been brought under control.

As well, if there is an industry support program, I think it is really the consumer who will pay the tax. That would give us some momentum for facing the tariff increase in the coming year.

**Mr. Richard Martel:** Mr. Samray, do you think that the fact that there has been no agreement on lumber for several years, as you are know all too well, has undermined Quebec forest producers' confidence in the federal government?

**Mr. Jean-François Samray:** I would say that what has been undermined is the concern of the bankers who examine the projects brought to them.

If a dispute is settled quickly, but the outcome is bad for the industry, that is obviously very serious for it. I think that in order to settle the dispute, the government is going to have to ask the other party to show up, things will have to get moving, and there will have to be negotiations. There may have been delays up to now, but now we need a solution. However, the solution must benefit both Canada and American consumers.

**Mr. Richard Martel:** The situation must be surely be wearing the industry and its dynamism down.

If the 25% tariffs that have been mentioned were to be imposed, what urgent, concrete measures will the federal government have to put in place to protect jobs and support the forest industry in Quebec?

**Mr. Jean-François Samray:** Mr. Martel, today is November 17, so I would say the government has two months to get going. I think the threat to impose these tariffs is a message; it is the stick. I don't think it is the long-term solution that the person who has threatened to impose these tariffs is after.

So there are two months left to find solutions that will address what is being called for. It will be two months of intense work for the federal and provincial governments, in order to respond to those demands and not have tariffs like this for the entire Canadian economy.

• (1820)

**Mr. Richard Martel:** In 2023, after doing a study, our committee tabled a report containing seven recommendations for settling the lumber dispute. Despite the government's oral agreement, nothing concrete has been done.

Do you think this inaction reflects the low priority that the federal government puts on the communities outside urban areas and the forest industry in Quebec?

**Mr. Jean-François Samray:** I can't answer for the government, but we definitely need to see more activity. A new American government is coming. It is time for Canada's negotiating team, but also for the provinces, to work with the embassy to establish contacts. We have to work with buyers of Canadian products to show that the welfare of American consumers depends on the support of the wood and cardboard and all the other products that come from the Canadian forest sector. We have always been a solution for them. It is high time to reactivate the networks and be very visible. Honestly, I don't know what I am doing in Quebec City, because we should be all together in Washington to do this work.

**Mr. Richard Martel:** Yes.

Mr. Samray, as—

[English]

**The Chair:** You have 15 seconds left.

[Translation]

**Mr. Richard Martel:** It is impossible for me to ask a question in 15 seconds.

Thank you, Mr. Samray.

[English]

**The Chair:** We have Mr. Arya, please, for five minutes.

**Mr. Chandra Arya:** Thank you, Madam Chair.

I thank the witnesses. Their answers and the information they are providing are quite interesting. I'm glad to know that the average salary of people working in the softwood lumber industry is between \$70,000 and \$100,000. As Mr. Samray said, that is equal to almost \$300,000 in Toronto. I'm quite honestly surprised with the frank answers, though, when you were asked whether the latest duty, going up to 14%, resulted in any layoffs. Both of you indicated that that was not the case, but there's normal layoff due to forest fires and overall economic conditions.

Mr. Stewart, I don't know if your company is public. Were you profitable last year?

**Mr. Greg Stewart:** No, my company is not public.

**Mr. Chandra Arya:** Okay.

**Mr. Greg Stewart:** We are at the same whims of the North American lumber industry at large, and the last year has not been a profitable year for very many, if any, lumber manufacturers.

**Mr. Chandra Arya:** I know you also represent the B.C. trade body. What percentage of your members closed down their operations in the last year?

**Mr. Greg Stewart:** That's a difficult question to answer. I know there have been a number of closures in the last year. I would suggest that there have been at least four members that would have had significant closures.

**Mr. Chandra Arya:** Okay.

Earlier, you did mention that you listened to the testimony of the first panel, where the Ontario Forest Industries Association's chief executive officer mentioned that there's a long history between the United States and Canada when it comes to softwood lumber. In fact, the year he mentioned was surprising to me—1794. So, this is

not a surprise, and even the current one has been going on since 2017. This is the fifth round, if I'm not wrong, of the dispute.

Given the track record of this industry's relations with the United States, which is obviously a big, juicy market, why is it that the B.C. industry is not looking toward exports to other Pacific countries? Ontario industry members, as mentioned by their trade group, said that because Ontario is landlocked, it's not easy for them to transport to other markets elsewhere. However, with B.C. being on the coast, why is it that your members have not tapped into the market elsewhere in the world?

**Mr. Greg Stewart:** It's a good question.

I wouldn't say that we haven't tapped into other areas of the world. I think there are certain challenges that come with the various species that we harvest and manufacture, as well as the installed capacity that we have within our mills, to produce certain products for certain regions.

When I was talking earlier, I was talking specifically about our mills, where we look to the—

**Mr. Chandra Arya:** Mr. Stewart, I'm sorry to interrupt. I do know that you have been exporting pellets to Europe. That's a good thing. You are sending value-added products. You mentioned that the exports are being done, but they are so paltry compared to the total volume of sales that go into the United States. The numbers I have are these: only about \$200 million to Japan and \$100 million to China, compared to the overall size of the industry.

Quebec industries, if I am not wrong, are better in value-added products. Again, I am quite surprised as to why B.C. industry is not adding value-added products.

• (1825)

**Mr. Greg Stewart:** I wouldn't agree with the characterization that we're not adding value-added products. There are different circumstances in B.C. from those in Quebec. We are currently developing value-added—

**Mr. Chandra Arya:** I am sorry to interrupt. I apologize; I have limited time.

What do you propose? You know that the government has been actively helping the softwood lumber industry in this dispute with the United States. What is it that you are looking for in the deal? What do you propose?

**Mr. Greg Stewart:** In the final settlement agreement, I would suggest that we need to address the concerns of the U.S. while at the same time ensuring that we have a good agreement that works for Canada at large. There are regional differences, and we'll have to consider those.

I think we do have to consider value-added products. The last deal did not adequately consider those in terms of the effort that goes into those products. This deal must make sure that the duties reflect the additional work that's put into the products north of the border.

**The Chair:** Thank you very much.

We have four minutes remaining. If you'd like to take one minute each, would that work? Okay, it's just one minute.

Go ahead, Mr. Savard-Tremblay.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** I am going to ask two questions, each 30 seconds long.

Mr. Samray, since the Canada—United States—Mexico Agreement is going to be revised, would this not be the time to tighten up the dispute settlement process by setting a maximum time limit of a year for the process, as was the original idea? Pardon my French, but that would avoid the entire bunfight around appointing arbitrators.

You can answer my question with a simple yes or no.

**Mr. Jean-François Samray:** Yes, absolutely.

**Mr. Simon-Pierre Savard-Tremblay:** Okay.

I don't know how much time I have left to ask my second question, but I think you will be able to give more detail this time when you answer.

[*English*]

**The Chair:** I think that was your one question in one minute.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** No, I asked it in 30 seconds.

[*English*]

**The Chair:** I think you can ask them off-line.

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** Okay, fine.

We will talk about it later, Mr. Samray.

[*English*]

**The Chair:** Mr. Desjarlais, please, you have one minute.

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

I've changed my question because, Mr. Samray, you said something that was very shocking to me. I reviewed some of the transcript just now from a question you answered earlier. You said that forest fires cost your organization more than the tariffs. Is that what you said?

**Mr. Jean-François Samray:** I said that. Being totally stopped during summer, not being able to go in the forest for about two months and, after that, having to rush to harvest the wood that is of lower quality in order to transform this wood instead of cutting green trees has a really great impact on the industry. Yes, that is what I am saying.

**Mr. Blake Desjarlais:** Thank you very much for that answer.

**The Chair:** We can have a question from Mr. Williams, and then a question from Mr. Sidhu, of one minute each.

**Mr. Ryan Williams:** Thank you, Mr. Stewart.

For B.C. in the last decade, how many jobs have been lost?

The second question I have is, if a deal was made where we axed the carbon tax forever, would that help your industry become more competitive with the Americans'?

**Mr. Greg Stewart:** If I had to project this over the last decade, I think there have probably been about 40,000 jobs lost—and I hope I got that number right—for a variety of reasons.

As far as forestry is concerned, I think forestry is Canada's best-kept secret in terms of helping address climate change and doing so in a proactive way to provide products. I think there is a real opportunity with wood products to combat climate change and meet our climate needs.

**The Chair:** Thank you very much.

Mr. Arya, you have one minute.

**Mr. Chandra Arya:** Mr. Samray, the federal government, you and other industry bodies have been involved with the dispute for the last six or seven years. What do you propose, and what would you like to see in the new deal?

**Mr. Jean-François Samray:** I'm not going to present, in a public hearing at this committee, what we're looking for precisely, because I'm not negotiating in public.

One thing, for sure, is getting the entire support of the Canadian government and being in Washington on a daily basis to get to an agreement that is a win-win situation. Americans need our product. We are there. We have less production than we used to, due to fires and due to biodiversity, which we take seriously in Canada. Therefore, the wood you all expected has gone up in smoke. Now they will have less volume. I guess the American companies should be satisfied with this.

We need to find a long-term solution for softwood lumber. I don't want it to be the 60-year record of the chicken tax between Europe and North America. If there's a will, there's a way. There is a will on our side to negotiate. We want to be there with the government to find a long-term deal with the United States.

● (1830)

**The Chair:** Thank you very much.

Thank you to all of the members, and to our witnesses.

On Monday, we will have one more hour on softwood lumber. The second hour will be for the CBAM emissions study we will start.

Thank you very much.

The meeting is adjourned.





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