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Chair: Terry Duguid



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• (1100)

[English]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): I call this meeting to order. Good morning, colleagues.

Let me start by acknowledging, as we always do, that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number 10 of the Standing Committee on Natural Resources. Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders, but I do not believe we have anyone on Zoom at the moment.

Let me remind members and witnesses in the room that you can use the earpiece on the table in front of you and select the desired channel for interpretation.

Please remember our amazing interpreters, who just waved. Consider their ears, please, and put the earpiece on the decal in front of you when you're not using it.

To our witnesses, if you would, please speak at a measured pace so that interpretation can translate faithfully what you say.

Pursuant to Standing Order 108(2) and the motion adopted Thursday, September 18, 2025, the committee is commencing its study of the forestry industry.

I would like to welcome our witnesses on the panel.

We have, from the Department of Natural Resources, Glenn Hargrove, assistant deputy minister, and Greg Smith, director, Canadian Forest Service.

Welcome, and thank you for joining us. You will have five minutes or less for your opening remarks.

Mr. Hargrove, you have the floor.

Glenn Hargrove (Assistant Deputy Minister, Department of Natural Resources): Thank you, Mr. Chair.

Good morning, Mr. Chair and committee members.

[Translation]

My name is Glenn Hargrove, and I am assistant deputy minister of the Canadian Forest Service at Natural Resources Canada, NR-Can. Thank you for inviting me here this morning.

I would like to begin by recognizing that we are gathered today on the traditional unceded territory of the Algonquin Anishinabe people.

[English]

Canada is a steward of a vast forest resource containing 9% of the world's forests.

Activities from logging to the manufacture of wood products and pulp and paper contribute about \$30 billion to nominal GDP. The sector is the primary source of jobs and income for some 300 communities, including many rural, remote and indigenous communities across the country. The sector directly employs nearly 200,000 people, including 11,000 indigenous people.

[Translation]

With strong laws and regulations in place that ensure forests in Canada are harvested sustainably, the sector is well positioned to—

[English]

Corey Tochor (Saskatoon—University, CPC): I have a point of order. I'm not getting translation.

The Chair: Thank you, Mr. Tochor. We're testing.

• (1105)

[Translation]

Good morning, everyone. My name is Terry.

Mario Simard (Jonquière, BQ): All anglophones know this in French.

The Chair: I love this committee.

[English]

I'm going to suspend for a few moments while we work this out.

• (1105)

(Pause)

• (1105)

The Chair: Colleagues, we're back in session. We stopped your time, gentlemen, so please continue where you left off.

[Translation]

Glenn Hargrove: Thank you, Mr. Chair.

With strong laws and regulations—

[English]

The Chair: We're suspended again.

• (1105) _____ (Pause) _____

• (1110)

The Chair: We're back in session. Please proceed.

[*Translation*]

Glenn Hargrove: With strong laws and regulations in place that ensure forests in Canada are harvested sustainably, the sector is well positioned to supply renewable materials with a low carbon footprint to help meet Canada's housing needs, to fuel lower-emission steel and cement production, and to offer alternatives to fossil products such as chemicals and plastics.

[*English*]

The Canadian forest sector is closely tied to the U.S. economy. In 2024, 76% of Canada's \$37 billion in forest product exports went to the U.S., and 89% of Canada's total softwood lumber exports went to the U.S. That relationship is why the imposition of duties on Canadian softwood lumber products since 2017 has been so consequential. More than \$10 billion in capital from Canadian softwood lumber exporters has been paid to the U.S. over the eight years. This has affected liquidity and credit availability to sawmills.

This summer, duties reached over 35% for most exporters. Following that, this fall the U.S. announced an additional 10% tariff on imported wood products as a result of a section 232 investigation.

[*Translation*]

Since the forest sector is highly integrated, disruptions to lumber exports and demand have ripple effects, and supply to wood product facilities is affected when lumber demand declines. Chips and sawdust, which are byproducts of lumber production, become less available, affecting inputs into the manufacturing of goods such as panels for housing construction, packaging, solid biofuels and other bioproducts.

[*English*]

This means that when a sawmill closes or curtails operations, impacts are felt not only by the mill community and among its employees but also well beyond. Since 2022, a total of 21 sawmills have closed, and an additional 55 have curtailed operations for economic reasons. In the pulp and paper industry, nine pulp and paper mills have closed, and an additional 12 mills have curtailed operations or have temporarily closed.

The role of Natural Resources Canada centres on working with provinces and territories and industry to diversify, support and transform the sector to address these challenges.

[*Translation*]

Specifically, NRCan supports research, for example for codes and standards development. NRCan provides funding to help de-risk investment and the deployment of novel technologies to help get industry to a place where, increasingly, it makes economic sense to produce more lumber in Canada. The department also undertakes international engagement and provides global leadership. For example, our wildfire activities build relationships with reliable partners to respond when disaster strikes, and our outreach and en-

agement activities with companies help open new markets for Canadian wood products.

[*English*]

This summer the government announced \$1.25 billion in support of the forest sector, including \$700 million delivered by the Business Development Bank of Canada for a new loan guarantee program to help softwood lumber companies confront immediate tariff and duty pressure.

Another \$50 million was delivered by Employment and Social Development Canada to support workers, and \$500 million went to renew NRCan's forest sector transformation programs, with an increased focus on programming that helps accelerate housing supply and market diversification.

The announced buy Canadian policy will also help to support the forest sector by encouraging the use of wood, and Canada already produces much of the wood we need.

Wood is used to frame 95% of single family homes in Canada, 87% of multi-unit residential buildings of four storeys or less and over half of five- and six-storey buildings.

• (1115)

Codes that allow 12- to 18-storey mass timber construction, along with the focus on off-site construction, point to the potential for the housing agenda to drive transformation in wood manufacturing.

[*Translation*]

NRCan will be working with Housing, Infrastructure and Communities Canada, Public Services and Procurement Canada and the Treasury Board Secretariat to ensure that these initiatives provide effective support for the forest sector in Canada. At the same time, NRCan will continue to deliver programs to support needed innovation in the sector, boosting productivity and increasing value-added production, to aid in the transformation of Canada's forest sector for the long term.

[*English*]

Thank you very much for inviting us to be here today. We would be happy to answer your questions.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Hargrove. I gave you a little extra time. Thanks so much, and thanks for your patience in getting the translation working.

Colleagues, we'll start our first round of questions and comments. We're going to start with Mr. Tochor.

Mr. Tochor, you have six minutes.

Corey Tochor: Thank you, Chair, and thank you to our witnesses.

I have a question about the Liberals' commitment to plant over two billion trees in the next 10 years. It was made in 2019, and I'm not sure which of our witnesses may have been briefed on this promise.

Glenn, you're indicating that you have been briefed. That's great.

In August of this year, a news report came out that referenced a report that—tell me if this is correct—11.4% of the pledge has been committed to in six years. Is that accurate?

Glenn Hargrove: No. To date, there are commitments to plant nearly a billion trees—

Corey Tochor: No, not commitments: There has been only 11.4% of that commitment—the two billion trees—planted and actually in the ground.

Glenn Hargrove: That's probably close. Yes, it's less than 300 million planted to date.

Corey Tochor: Okay. It's 228 million. That's the word from the government.

One of your jobs is to brief government administrators on how things are going in government. Is that accurate?

Glenn Hargrove: Yes.

Corey Tochor: Have you heard the phrase past performance is the best indicator of future performance?

Glenn Hargrove: Yes.

Corey Tochor: If you get your calculator out and help us, both the committee and the viewers online, and if it's 228 million trees and you divide that by six years, what does that get you? You can use a calculator.

Greg Smith (Director, Canadian Forest Service, Department of Natural Resources): *[Inaudible—Editor]*

Glenn Hargrove: It's 38.

Corey Tochor: You're right.

Thirty-eight million trees per year is what the Liberals have been able to plant. Two billion is the promise the Liberals made. Divide that by the 38 million trees they've planted per year so far. How many years does that come up with?

Glenn Hargrove: It's a little over 50.

Corey Tochor: It will take 52.6 years to plant them, to fulfill the promise the Liberals made.

Once again, past performance is the best indicator of future performance. This government has missed the mark immensely on this promise they made. When you have the 52.6 years it would take if they're on the current trend, minus the six years that have already passed, it's 46 years more it will take for the Liberals to fulfill their commitment of two billion trees, which is a travesty for our country and the promise to plant those two billion trees.

I believe we've seen this across many other government agencies. There's a lot of “planning to do this” and “we're going to act on this” and “do this and spend this money”. What we've found in

this example is that they're off by 46 years, versus the commitment to plant two billion trees by 2031, which is garbage as a performance for a country and for the Liberal promise. It's an indication of what I think we can expect of many promises from the Liberal government.

Mr. Chair, I'd like to cede my time to my colleague—

• (1120)

Glenn Hargrove: Mr. Chair, may I respond?

The Chair: Yes.

Corey Tochor: No. Pause the time, if you would.

The Chair: It is the member's time, and he's passing his time along. Is it to Mr. Gill?

Corey Tochor: No. I'm ceding my time to another colleague.

The Chair: Okay. Very good.

Corey Tochor: They'll have some time to answer that.

The Chair: You can work your response into the next intervention.

Mr. Malette, go ahead.

Gaétan Malette (Kapuskasing—Timmins—Mushkegowuk, CPC): Thank you.

Mr. Hargrove, you mentioned the support package of \$1.25 billion. Could you outline the rollout, timelines, the eligibility criteria and the delivery mechanisms? At the same time, what portions are already committed versus those yet to be disbursed?

Glenn Hargrove: Sure.

Within that package, there is \$700 million in loan guarantees delivered through the Business Development Bank of Canada. That is starting to roll out this week and is for softwood lumber producers and remanufacturers.

There is \$500 million in forest sector transformation programming, the funding for which starts on April 1. That's a renewal of related programming from Natural Resources Canada that's ongoing this year. There is funding this year, but the new funding starts on April 1.

There is a wide range of eligible recipients for those programs because it's a suite of programs: forest industry participants, indigenous groups, and also, there's an international aspect to that in terms of industry associations. A couple of key things that I would point out about this is that the government is reinvesting in offshore market diversification initiatives. That's an important piece to diversify away from the U.S. market. There's also a very heavy emphasis on supporting the housing agenda through that programming.

There's also \$50 million that is delivered through ESDC. That will be delivered through the provinces through the labour market development agreements. Those conversations with the provinces are in full swing to deliver that funding through the LMDAs.

Gaétan Malette: In your introduction you mentioned the \$1.25 billion, and you said there was \$700 million. Is it \$1.25 billion plus the \$700 million or is that part of it?

The Chair: We'd like just a quick answer, Mr. Hargrove, because we have to go on to the next speaker.

Glenn Hargrove: Okay.

Yes, the \$700 million is included in the \$1.25 billion.

Gaétan Malette: Okay. Thank you.

The Chair: We're going to Mr. Hogan for six minutes.

Corey Hogan (Calgary Confederation, Lib.): Thank you, Mr. Chair.

Mr. Hargrove and Mr. Smith, thank you for being here today. I always appreciate hearing from our professional public service. I appreciate the work you do. I know that it's not an easy job and that sometimes you must feel like a ball being hit between two players with a net in between, but I've really appreciated working with you.

Forestry is core to our Canadian economy and identity. My own family has worked in forestry since the centuries before Canada was a country, and the U.S. tariffs and duties are completely unjustified. We all know that. I know the government is working at every level to resolve it. The fight with the United States over softwood has been going on my whole life as well, and we can't let our sector be at the whims of a U.S. administration or based on what the senator from Oregon had for breakfast any longer.

I have questions about how we diversify overall, but before I get into anything specific, I wonder if you want to take the opportunity to expand on diversification efforts and your thoughts on the opportunities for Canadian products globally.

Glenn Hargrove: Sure. Thank you very much.

I would highlight two pieces here.

One important piece is diversifying our markets and products here in Canada. The housing agenda really gives us an opportunity for the industry to divert some of its exports to the U.S. into the Canadian market and to support that agenda, and also to transform into higher value-added engineered wood products, such as mass timber, prefabricated and modular housing components and those sorts of things.

Also, there's an opportunity to continue to grow our markets offshore in Asia, Europe and the Middle East and look at growth in those markets.

We also need to do what we can to protect our access to the U.S. market, which is, as we know, our largest market.

If we can work on all those fronts, we can grow opportunities for the sector and really have a prosperous and sustainable future for the industry in Canada.

• (1125)

Corey Hogan: Thank you.

You talked about some of the Canadian markets. I know that a lot of those opportunities are tied to geography. You also talked about the ecosystem being quite interconnected, with timber from sawmills and their activity driving the availability of chips and then, of course, the overall health of the soft forestry industry, like pulp and things like that.

I'm wondering if you can talk a bit more about that ecosystem, your thoughts on how it has evolved and what the committee should be thinking about as we write our report when it comes to the ecosystem and clusters within Canada.

Glenn Hargrove: That's a great question.

The forest sector is really an interconnected sector. Softwood lumber production is a key sort of linchpin in the sector, but it doesn't operate in isolation from the other parts of the sector. When there's a downturn in pulp and paper, that impacts softwood lumber producers who sell their chips to those mills and, conversely, when there's a downturn in softwood lumber, that can affect pulp and paper. All of these things affect the upstream harvesting sector as well.

What's important is that as we're looking at the primary softwood lumber producers, we also look at where their residues are going, where their lumber is going and what the market needs are in those cases. We've seen pulp and paper mill production go down. There have been a number of closures and curtailments in Canada, and that affects the profitability of softwood lumber mills. We need to find other uses for those chips, whether it's in different kinds of wood products, in bioenergy or in different types of bioproducts.

Also, we need to look at the primary production of lumber. As we think about growing the engineered wood product, mass timber and the prefab modular industry, we need to make sure that our primary manufacturing industry is well set up to provide those industries with the inputs they need in the form in which they need them.

These are all places where the government can work with industry in order to move along that path.

Corey Hogan: That's great.

How much time do I have, Mr. Chair?

The Chair: You have 57 seconds.

Corey Hogan: I'll use my 57 seconds well.

I am curious. Can you expand—in whatever 57 seconds minus this is—on the opportunities for prefabricated housing that might be coming out of the lumber industry in the next bit?

Glenn Hargrove: Yes. In order to meet Canada's housing demand, we need to help support a more efficient construction industry. Prefab and modular housing does that. It's also a great opportunity for the Canadian forest sector.

We need to work with the industry in order to make sure they're investing in the right places, aligned with market demand and that rise in market demand, and in making sure that codes and standards allow for those sorts of construction methods as well.

The Chair: Thank you.

Completing this round, we have Mr. Simard.

[*Translation*]

You have six minutes.

Mario Simard: Thank you very much, Mr. Chair.

Mr. Hargrove, you clearly demonstrated that the forest sector is a chain. So, if one link in the chain is weakened, the entire sector pays the price with the chip logic. The same is true when wildfires or insect outbreaks occur: If logging contractors aren't able to go into the forest, the entire industry pays the price. So it's an integrated system.

You also did a good job of showing how many jobs are associated with this sector. There are 300 communities that depend on the forest for their livelihood. Thank you for that.

Now, after the flowers, I have some criticism. There's a major problem that industry has not been able to resolve. The dispute with the United States is having an impact not only on the softwood lumber exported there, but also on our ability to financially support the forest sector. I'll explain the situation quickly.

A few years ago, people from a local business came to meet with me. The business, which is involved in social integration, manufactures wood pickets and pallets. Its only customers are in Quebec and Canada, so there are no exports to the United States. Those people are trying to buy machinery to manufacture their pickets and pallets, but they don't have access to any federal granting agencies.

It should be noted that, as soon as you do primary processing in the forest industry, you are instantly referred to Global Affairs Canada for financial support, even if you want to obtain funding from Canada Economic Development or from any other program.

The response is always the same, and I've verified it many times: It's a refusal.

Are you aware that there's a major problem in the sense that the forest sector doesn't even have access to the federal government's traditional funding agencies?

• (1130)

Glenn Hargrove: Thank you for your question.

[*English*]

I think there's a bit of a nuance there.

I think there are some programs.... For instance, if we're talking about the recently announced BDC funding, which would not be available to that company, from what I understand you're saying, there are, however, other funding mechanisms within the federal government that would be available, likely.

I think about the regional tariff response initiative that's run by the regional development agencies. A company that's affected by these sorts of trade issues could reach out to CEDQ in this—

[*Translation*]

Mario Simard: I understand, but I'm talking about the past, two or three years ago. Let's take this out of the context of the conflict.

It's very difficult for people in the forest sector to get financial support from the federal government. I'm familiar with a lot of programs, including the investments in forest industry transformation program, or IFIT, but they're underfunded. A lot of people could apply, but very few are selected, so much so that the majority of people in the forest sector don't apply for the IFIT program because they think they'll be refused anyway.

I now want to come back to the issue of the tariff war with the United States. The \$700-million loan is a good thing. This is the first time I've seen the federal government offer liquidity to the forest sector, but it's not much. Earlier, you said that \$10 billion in anti-dumping and countervailing duties is currently sitting in the United States. I was told by people in the sector that we're now at \$12 billion. So \$12 billion is sitting in the United States, and \$700 million is being offered to the industry. A Canadian company like Arbec has \$300 million sitting in the United States. So if we want to support them, Arbec would have to swallow up almost half of the \$700 million.

People in the forest sector tell us that this is not the type of program they need, as they don't need access to additional funding, they need market access. The best solution for market access may lie in what the forest industry people proposed this week, which is to reimburse them for part of the anti-dumping and countervailing duties. That wouldn't violate our trade agreements and the United States' interpretation of the forest sector, since that already exists. Hedge funds are already able to buy back the countervailing duties of certain companies that are being squeezed at very low prices.

Is the department looking at putting in place that type of program that could absorb some of the anti-dumping and countervailing duties?

• (1135)

[*English*]

The Chair: Respond in 30 seconds, please.

Glenn Hargrove: First of all, when you're talking about the trade risk of various options, I would defer to the trade lawyers at Global Affairs.

The government is rolling out right now the \$700 million. The idea is it's supplementary to funds that they're able to get from other means, from financial institutions and that sort of thing. It's rolling out this week. We need to see how that serves the industry. This is aligned with conversations and engagement that we had with the industry prior to the announcement and the rollout.

The Chair: Thank you.

[*Translation*]

Mario Simard: Thank you.

[*English*]

The Chair: Thank you both.

We're onto our second round, colleagues. I'm going to start with Mr. Malette for five minutes.

Gaétan Malette: Thank you.

Mr. Hargrove, I see that you worked for FPIInnovations at one point, or you were involved with them.

What are NRCan's priorities for investing in bioeconomy research and development and for transforming the sector to utilize biomass as a renewable energy source?

Glenn Hargrove: It's a great question. We do work with FPIInnovations. We fund research that they conduct, including research related to bioenergy and bioproducts.

Essentially, what we do through our innovation programming is work with industry and other stakeholders to find the best bets and invest in those novel technologies that are going to create innovative opportunities for the sector. We work across the forest sector value chain. That includes in the areas of bioenergy and bioproducts.

Gaétan Malette: Which programs support cogeneration? Which programs support biofuels, bioproducts and biogenetic carbon management? Which programs could be accessed?

Glenn Hargrove: If we're looking at programs that are run by the Canadian Forest Service, it would primarily be the IFIT program, the investments in forest industry transformation program, which is looking at novel technologies in whatever the space is, including in the bio space.

Gaétan Malette: Going back to the \$700 million, you mentioned that some money has recently been given by BDC.

Glenn Hargrove: BDC is rolling that out in collaboration with the financial institutions. That's rolling out this week.

Gaétan Malette: Would you know where we're at? How much has been rolled out? What's the success rate for people applying?

The information I have is that none has been rolled out yet.

Glenn Hargrove: Well, like I said, it's rolling out this week. I don't have those numbers. That would be a question for BDC.

Gaétan Malette: It's under the \$1.25 billion.

Glenn Hargrove: That's correct.

Gaétan Malette: Which is under your department?

Glenn Hargrove: No. It's being delivered by the Business Development Bank of Canada, not NRCan.

Gaétan Malette: Thank you.

What concrete measures is NRCan taking to retool the forestry sector and equip companies with the tools they need to adapt to current market shifts and the Canada-U.S. dispute?

Glenn Hargrove: The IFIT program is a critical program. It invests in forest product manufacturing operations to make innovative investments that help them retool for future opportunities—

[*Translation*]

Claude Guay (LaSalle—Émard—Verdun, Lib.): Mr. Chair, I have a point of order.

Could we ask our Conservative friends to continue their discussion outside the room?

[*English*]

The Chair: Thank you.

Colleagues, you were on camera. It's a little disruptive. Please, let's respect our witnesses. If you want to huddle, maybe do it just a bit farther away from the table.

Thank you, Mr. Guay.

• (1140)

Glenn Hargrove: Just to finish, the IFIT program is a program in which we invest in those types of projects to help the industry retool. We're often co-funding those projects with provincial governments as well, in order to help de-risk those types of innovative technologies and investments.

Gaétan Malette: Which builders focus on equipment modernization and then product diversification and export readiness?

Glenn Hargrove: Again, when we're talking about programs under the Canadian Forest Service, in the IFIT program, in terms of export diversification we have the GloFor program on global leadership in forestry, and that is where we will be reinvigorating the offshore market diversification programming.

We fund things like market studies, market development, trade missions and those sorts of things, codes and standards work that allows for Canadian wood products to be used in those target markets and capacity building to actually use the products in those target markets.

Gaétan Malette: Thank you.

The Chair: That's your time, Mr. Malette. Thanks so much.

Mr. Guay, you have five minutes.

Claude Guay: Thank you, Mr. Chair.

Thank you, Mr. Hargrove, for being here, and Mr. Smith. Thank you for the work you do for Canadians and Canadian industry.

You talked about the \$500-million program. It's a new \$500 million that starts with the budget here on April 1, but you also mentioned that it's a continuation of an existing program.

Since it's a program that already exists, I'm interested to know if you can point to some examples that you would consider best or good practices, or things that you want to highlight for us as the type of work that's beneficial to the industry that has been under that program. If you wouldn't mind, please share a couple of good examples for us to understand.

Glenn Hargrove: Sure. I'll turn to my colleague, Greg, for this one.

[*Translation*]

Greg Smith: Thank you for your question.

[*English*]

There are numerous examples being delivered by these programs at this time, and I can give you a few. For example, the green construction through wood program promotes building with wood and pilots buildings using novel wood techniques. There have been investments in various buildings in Vancouver and Winnipeg, across Canada, to support building knowledge and to promote the use of novel wood building techniques through that. There are a number of examples on our website where you can see where this has been done: bridges, buildings and all those types of things.

With regard to the investments in forest industry transformation program, there have been a number of equipment investments across Canada that support using more biofuels, bioenergy, in mills. Again, it's using novel technology to do that. It's trying to deploy more equipment at these mills that can bring in new ideas and innovative approaches to address operating cost challenges they may face. When I say "mills" in this case, it's typically more on the pulp and paper side, and the downstream production side is where they focus.

Through the indigenous forestry initiative, there's support given to a variety of indigenous communities to promote more involve-

ment within the forestry sector. That can be through capacity building, as well as integrating indigenous knowledge into the sector.

Dozens and dozens of examples exist of ways in which these programs have made a difference over the last 12 years that they've been delivered—or as long as 12 years in some cases.

Glenn Hargrove: Mr. Guay and Mr. Chair, we'd be happy to send the committee some examples from these programs, as well, after this meeting, if that would be of interest.

Claude Guay: That would be appreciated.

On a slightly different note but still in terms of innovation, my understanding—which is not as deep as yours—of the industry challenge is that American tariffs target mostly our production of two-by-fours, for example, or traditional wood products, basic wood products. You talk about the diversification of the market as being important, not just the Americans. We do have to address the tariffs, but we also have to diversify our market.

It's my impression that some of the international competition... Let's say that we want to go in the European market. The producers over there are bigger, more productive and lower cost in many cases. Do we have a product advantage, given the type of wood we have? How can we compete with the volumes of some of those international players? I even heard of cases where European wood ended up on the Canadian market. When I ask our local forestry industry people about that, they tell me that it's because of the volume and the low cost of those operations in Europe.

Can you help me understand the dynamic of the international market and how we can help our own industry diversify?

• (1145)

The Chair: You have 30 seconds.

Glenn Hargrove: I guess there are a couple of things.

One is that there are differences in species and the types of wood, so sometimes that confers an advantage. Sometimes there are differences in transportation costs. We might have an advantage, for instance, in shipping off of the west coast.

We've also done a lot of work on codes and standards in places like China and Japan in the past that have allowed for Canadian products to be imported into those markets and used. There's also the market development work. Those have been, historically, areas where we've had success in working with industry and provincial governments in order to grow those markets.

Claude Guay: Thank you.

The Chair: Thank you.

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

[Translation]

Mario Simard: Thank you very much, Mr. Chair.

To follow up on Mr. Guay's question, would it be possible to submit to the committee a table with all the different programs, such as investments in forest industry transformation and the initiative for indigenous communities? I would like to see the number of projects funded, but also the number of applications. That would help us understand whether these programs have enough funding to meet the industry's needs. Is it possible to prepare a table that contains two columns and shows us all the initiatives, programs, the number of applications that have been sent to you and the number of applications that have been funded? That could help us in our work.

A little earlier, we were talking about biofuels, the bioeconomy and that whole dynamic. In your opinion, Mr. Hargrove, would all those initiatives not be at risk if carbon pricing was ended? Carbon pricing is the reason we have clean fuels today. Clean fuels are purchased for heavy industrial processes because they have an advantage, even though they are more expensive.

I'd like you to tell us about that aspect.

[English]

Glenn Hargrove: Certainly, any price on carbon has an economic impact on the relative prices of various fuels and products, but I think whatever that regime is, there are opportunities to continue to drive innovation and drive further use of forest residuals toward those goals. I think a really critical part of the transformation of the industry is to make sure we're maximizing the value of those residues and we're facilitating an efficient flow through the value chain.

The Chair: Thank you, Mr. Hargrove and Mr. Simard.

• (1150)

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): We heard it.

The Chair: Did you hear it? I didn't hear anything. Maybe it was because my mic was on.

Thank you, Mr. Simard.

Welcome, Mr. Rowe. You have five minutes.

Jonathan Rowe (Terra Nova—The Peninsulas, CPC): Thank you.

My question today for the assistant deputy minister of the Canadian Forest Service at Natural Resources Canada is largely about this agreement the Liberal government has signed with other nations about 30% of Canada's land being protected by 2030 and 50% of Canada's land by 2050.

Has Natural Resources Canada analyzed how much productive forests in Newfoundland and Labrador and throughout the country could be locked up under that plan? What does that mean for provinces' resource communities?

Glenn Hargrove: First, that file is an Environment and Climate Change lead. I would say that there are opportunities for conserva-

tion and economic development to coexist. Identifying areas that are of high conservation value and areas that are of high economic development value, there are opportunities where those two things can coexist.

Jonathan Rowe: You mentioned that it's an environmental lead, but it greatly affects the forestry industry. It looks to me like 50% of our forests and our land will be protected, unable to be managed and harvested in 2050. I know that many of you guys may not be in this room in 2050, but I might still be around, and my generation, so I think we need to keep looking at that.

We have a big issue in Newfoundland with forest fires and our forests getting older. With the trees not being harvested here on all this land, do you think that could increase the risk of dead forests and more fires across Canada and my province?

Glenn Hargrove: I would say that different management regimes can be applied to forests. Harvesting for manufacturing is not the only way that forests can be managed to reduce wildfire risk. I think a broad tool kit needs to be applied that is specific to the geographic context in which the forest management takes place.

Jonathan Rowe: Absolutely. I have no doubt there are other forest management opportunities and possibilities. I believe a lot of those we've seen in Newfoundland and Labrador with silviculture are very labour intensive and very expensive, and oftentimes, they're not able to actually harvest the resource from that forested area in a lot of silviculture and conservation areas. It's a very interesting topic.

I'm from Newfoundland and Labrador, on the east coast of Canada. We're talking about having more exports to Europe. We had a German chancellor, I believe it was, and other European leaders come to my province looking for energy, looking for natural gas and other energies, looking for clean energy, specifically. However, I don't see Canada being at the forefront of having biomass energy as the global solution to energy. Would you mind explaining why that is? Why is that not at the forefront of being an energy solution for the world?

Glenn Hargrove: Canada does actually export a lot of wood pellets, so it is a major export for Canada. I'll be on a trade mission in a couple of weeks to Japan. That will include Drax, which is a major exporter of wood pellets not only to Europe but also to Asia. I actually think that is a component of our contribution to the world's energy needs.

Jonathan Rowe: That is so refreshing and good to hear, because we have so much potential in Canada and so much potential in Newfoundland. Our forestry industry in Newfoundland has been in major decline in the past few decades. The Grand Falls pulp and paper mill closed. The pulp and paper mill in Corner Brook has its ups and downs.

I've been talking to people in forestry. Our forest is getting very old, getting very dry. We're seeing more fires, but we're able to make a lot more products in Newfoundland. We're also, I think, able to tap into this biomass energy industry.

I'm curious. Out of that \$700 million in loan guarantees and funding, is there anything cut out for Newfoundland and Labrador or for Atlantic Canada to help us navigate from traditional two-by-four markets, lumber markets, into biomass and smaller products? Is there transition funding available through your organization?

• (1155)

The Chair: Give a quick answer of 30 seconds, Mr. Hargrove.

Glenn Hargrove: The \$700 million is delivered through BDC. There are no regional carve-outs, but softwood lumber producers and manufacturers in Newfoundland would be eligible to access those loan guarantees through their financial institutions and through BDC.

Jonathan Rowe: Thank you.

[Translation]

Mario Simard: Mr. Chair, I just want to clarify something. It's not the fault of the interpreters, who do a wonderful job. However, Canada does not export wood chips. What Mr. Hargrove said in English—wood pellets—was interpreted in French as “*copeaux de bois*”, which means wood chips, but “*granules de bois*” should have been used instead. I would just like to tell the analysts to use the word “*granules*” instead of “*copeaux*” if that ever appears in the notes. Ultimately, Canada does not export wood chips, but rather wood pellets.

[English]

The Chair: Thanks for that clarification, Mr. Simard.

We're going to our last speaker for this round and for this hour.

Mr. Danko, you have five minutes.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Mr. Chairman.

I'm a structural engineer, and I love the wood code. It's my favourite thing to design things from wood, but it's often a challenge to convince clients to use wood versus traditional steel or concrete.

You talked about greening construction through wood, so I wanted to give you, first, a broad opportunity to talk about the place in the market in Canada for LVL, for mass timber or for other engineered wood products and where you see that in terms of what sector versus traditional sectional lumber. Is that a growth opportunity for value-added products in Canada?

Glenn Hargrove: Yes, I think it definitely is a growth area, and it provides opportunities for not only those firms that are producing those modular components and prefab solutions but also the primary sector that will produce products that go into that and the residues that go into those processes. I think it's a huge opportunity. Again, if Canada is going to work to double housing starts, we're going to need to do that in efficient ways. That includes these modular and prefab solutions.

There's also important work we need to do. You mentioned that they're considered to be a sort of higher risk, for lack of a better term. One thing that we're doing through that GCWood program is looking to have demonstration projects that show how these solutions can be implemented and, therefore, can help to de-risk those who follow suit.

We're looking at codes and standards. We're looking at market demand and reducing risk. We're working with Build Canada Homes on that demand side as well. We're also working on the R and D and the investment sides of things. We're trying to look at the whole value chain, in order to capitalize on that opportunity.

John-Paul Danko: You mentioned challenges with building codes. You previously mentioned Chinese and Japanese code requirements. Even within Canada, there are inconsistencies between the national building code and various provincial building codes when it comes to height restrictions, fire code restrictions and things like that.

What opportunity do you see for the federal government to take a leadership role in standardizing how wood products can be used across Canada and across the world?

Glenn Hargrove: There is a good opportunity there. We work with the National Research Council on national building codes and help to support that work. We fund research through FPInnovations, which helps support that and provides the evidence base for that codes and standards work.

As I mentioned, we do that internationally to help open those markets. There's a lot of opportunity. There's also work with the provincial and territorial governments in order to open up those opportunities more locally.

There's a lot of room, and there's an important role for the government to play because we're talking about codes, standards and the rules around construction. It's an area of focus for us.

• (1200)

John-Paul Danko: I think I have about a minute remaining.

I would like to give you the opportunity to add to or expand on anything else that has been part of this discussion. I'll turn the floor over to you.

Glenn Hargrove: Thanks. I appreciate that.

I would like to speak to the two billion trees program, if I may. I didn't get an opportunity to respond to that.

The notion that the federal government is years and years behind on that goal assumes that the trajectory for that program is linear, and it's not. It takes about three years to go from the planning stage, the seedling and the nursery to planting a tree. When you launch a program like this, it's not a linear process. It's like a hockey stick.

We're focusing on long-term agreements. We now have commitments for about a billion, which is half the target. We're continuing to work with the provinces and territories that need to plant the majority of the trees. We're continuing to work on those long-term agreements. We're continuing to get those commitments, and we're ramping things up over time.

John-Paul Danko: Engineers understand the difference between linear and logarithmic growth. If my colleagues would like a math lesson, I'm happy to help them out.

The Chair: Thank you, Mr. Danko. Your time is up.

Colleagues, on your behalf, I thank Mr. Smith and Mr. Hargrove for coming to see us today. It's been a very informative hour.

As the analyst just reminded me, a background report is coming. It will be available next....

Laura Carter (Committee Researcher): It will be available on Friday afternoon, in preparation for Monday afternoon's meeting.

The Chair: Excellent. That will give us further background. We got some great background today from NRCAN, and we'll be more fully informed.

We're at the top of the hour, so we are going to suspend while we switch over to in camera.

I see Mr. McKinnon on a point of order.

Ron McKinnon (Coquitlam—Port Coquitlam, Lib.): Thank you.

I wonder if we could suggest to the witnesses that if they wish to follow up with a brief, it would be appreciated.

The Chair: That is a welcome suggestion.

Mr. Hargrove and Mr. Smith, we would welcome a brief. We have your speaking notes on the record, but a more fulsome brief would be terrific.

I think we'll get some of that in the background report as well.

We will suspend while we switch to in camera.

[Proceedings continue in camera]

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