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Chair

Mr. Leon Benoit

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• (1145)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Order, please.

This is meeting number 23 of the Standing Committee on International Trade. We're dealing with the softwood lumber deal signed on July 1. This is our third panel for today.

I'd like to start by thanking you all for coming today. I know that it's difficult, and that you have a lot to do and your time is very valuable. So I do appreciate your being here.

We have as witnesses today Elliot Feldman, trade lawyer, Baker & Hostetler. From the Federation of Paper and Forest Workers, we have Sylvain Parent, president. From the United Steelworkers, we have Normand Rivard, council chair.

We'll go ahead, gentlemen. If you each have a short opening presentation, we'll hear them in the order in which you're listed on the notice.

We'll start with Mr. Feldman.

Dr. Elliot Feldman (Trade Lawyer, Baker & Hostetler, As an Individual): Thank you, Mr. Chairman.

Thank you for inviting me to appear again before this committee. Although I represent a number of Canadian industry interests in the softwood lumber dispute, I'm not presenting any specific views of my clients.

After reviewing the testimony you heard on July 31, I decided to refocus my planned remarks. Several members emphasized on July 31 that industry ultimately controls the fate of this deal. In general, I've observed the government and members, even associations, trying to shift responsibility or distance themselves in some way from the deal.

Honourable members, responsibility for this deal ultimately resides with the government and with you, not the industry. It has been forced on the industry for political reasons. No one in the industry likes it, but many believe they have no choice, and therefore, many have already accepted it.

The negotiation of this agreement is a watershed, and passage in this House will be an historic moment, but neither for the reasons you may suppose. The agreement spells the end of NAFTA's chapter 19, and in many ways the end of NAFTA itself. I would be pleased to elaborate on these two critical points and had intended to address

them directly in these opening remarks, but I'm refocusing. Please do ask me about them.

I want to talk for a few minutes about the genesis of this agreement, and one of its most important and least-discussed elements. There is a bit of Watergate in this story, and as in Watergate, it is essential to follow the money.

Back before Christmas, David Emerson, then minister in a Liberal government, and his ambassador in Washington, Frank McKenna, were asking what it would cost to buy peace in softwood lumber. They were adhering to all of the usual Canadian negotiating positions on this subject: protecting chapter 19 in NAFTA, fending off onerous anti-circumvention clauses, protecting Canadian prerogatives. But unlike any previous dispute, this one involved the accumulation of over \$4 billion, now \$5 billion, and there was the Byrd Amendment, which led the U.S. industry to believe that if it could just stall long enough to wear down the Canadians while claiming title to all of the money, they could settle for a lot of it. They knew the Canadians had brought a case in U.S. court that could prohibit them from claiming any of the money pursuant to the Byrd Amendment. They demanded a 60-40 split, back at Christmas.

Messrs. Emerson and McKenna negotiated to 50-50, and then asked industry. Industry calculated net present value against litigation prospects and said no, but in the process, Messrs. McKenna and Emerson asked what would be enough. At that time, under those circumstances, they were told 70%. Think, then, of how impressed Mr. Emerson was with himself when in April he could tell industry he got 80%, but there were at least four huge problems and he had neglected all of them.

First, on April 7, the United States Court of International Trade ruled that the U.S. industry was entitled legally to no money—none of it. It was not surprising, then, that 20 days later the U.S. coalition said it would take \$500 million. It was hardly a negotiating triumph to persuade them to take \$500 million when they had become legally entitled to not a penny.

Second, net present value at the end of April was not the same as it was at Christmas, especially as the pot kept growing. Canadian industry had in mind the fixed sum for the coalition, maybe as much as \$150 million, not half a billion dollars.

Third, it was not quite as obvious in the two-and-a-half-page term sheet of April 27 that Canada would give away everything that the previous government had been defending in order to complete a deal, because political priorities had changed so radically.

Fourth, the term sheet promised a major joint initiative to improve North American competitiveness. The “remainder”—that was the word—the terms said would go to so-called meritorious initiatives in the United States.

Industry was troubled by this last development. It wondered why it was providing foreign aid to the United States, but it was also reassured that the sum would be small. More impressively, Minister Emerson told CEOs that as long as they were getting back 80% of their money, it was none of their business what would happen to the rest. He was, by all accounts, very blunt on this subject.

● (1150)

Meanwhile, we were advised by negotiators that the White House had taken a direct and active interest in this money but that Canadian industry ought to focus on other things; as the minister had said, it was not really their concern. The remainder, then, became \$450 million out of \$500 million. That, honourable members, is a colossal sum of money. It's certainly got the U.S. government, as well as the coalition, getting the other \$500 million committed to the deal. It's astonishing how little—nothing, really—the government got in exchange for it.

And let's understand this money, the \$500 million—not the coalition's money about which you heard on July 31, but the rest. To give some perspective, at the height of the Watergate scandal, focus was on an illegal slush fund available to the Committee to Re-elect the President, which was thought to be tipping the balance of American politics. The fund never exceeded \$20 million.

One of the articles of impeachment against Richard Nixon stated that he received foreign campaign donations, perhaps as much as \$50,000. Both by statute and by the United States Constitution, gifts of money to the United States must go to the Department of the Treasury and be appropriated by Congress. The lone abhorrent and still controversial exception—

The Chair: Mr. Feldman, we agreed that each member of the panel would have six minutes or six and a half minutes. If you could wrap up very quickly, I would appreciate it.

Dr. Elliot Feldman: I have just two paragraphs. I understood I had seven minutes, and I think I'm in that vicinity.

The Chair: Go ahead, sir.

Dr. Elliot Feldman: Thank you.

The lone abhorrent and still controversial exception has been money donated in the immediate aftermath of the emergency created by Hurricane Katrina, and the sums involved were very small.

So here we have the Government of Canada requiring that Canadian private parties sign over \$450 million to an escrow fund slated to be conveyed to the White House. The agreement does not mention Congress, and the Bush administration says Congress will not be involved in any way with this agreement. The Government of Canada is thus making a gift of \$450 million to be spent by the President. That was more than a belt buckle, even more than a stetson, on July 6.

There is only one date certain in the deal: the planned expenditure of the \$450 million must be determined by September 1. Curiously, that date is traditionally the kickoff for campaigns in the United

States in election years. Yes, it's an election year, and the Republican control of Congress is considered to be in trouble. The entire Republican campaign war chest has less than \$300 million. Canada will add to it by 150% in funds to be expended for meritorious initiatives. It does not require much imagination to foresee the strategic places where this money will be spent.

This piece on softwood lumber will probably not improve Canada's relations with the United States, because this colossal sum of money is going to the White House, not the U.S. Treasury. When the Democratic Party learns of it and understands it, it's not likely to be pleased, and it's possible that despite the infusion of such money, the Democrats nevertheless will win in November. Canada may then have much improved relations with the Republican Party, but not—

The Chair: I'm sorry, but you are two and a half minutes over time, sir.

Dr. Elliot Feldman: Excuse me.

—with the United States.

The Chair: Could we go to the next witness, please?

Monsieur Parent, you have six minutes.

[*Translation*]

Mr. Sylvain Parent (President, Federation of Paper and Forest Workers): Good morning, Mr. Chairman and members of the Committee.

I am very pleased to have this opportunity to present our views on the July 1 softwood lumber agreement.

The disputes between Canada and the U.S. with respect to softwood lumber go back a long way. History shows that they go as far back as the 18th century. Now we obviously have no intention of presenting a chronology of events. We simply want to point out that our organization has always followed developments in this area very closely, and particularly for the last 20 years.

We can testify today to the fact that these many disputes between Canada and its southern neighbour have had very negative consequences for workers, insofar as they have resulted in serious job losses. We will come back to that specific point in a moment.

Although it goes without saying, we want to clearly state that we are commenting today in our capacity as representatives of workers in this industry. In that sense, we do not claim to have full knowledge either of the overall ramifications of international softwood lumber trade or of discussions within individual companies with respect to their situation and specific trade strategy.

However, we are very much aware of the kind of misery that workers and their families must endure when a job is lost. Every day provides an opportunity to note the weakness of current assistance programs aimed at people in communities affected by production slowdowns or even plant closures. It is with that in mind or from that perspective that we feel we can legitimately participate in the current debate.

That is also why we have seen fit to analyze the July 1st agreement from the perspective of a worker. In our assessment, we must consider the particular circumstances of the Quebec forest industry: first, because of forestry activity there is highly regionalized, and second, in the light of policy decisions made by the Government of Quebec after the release of the Coulombe report.

It is important to realize that the economy of Quebec and its regions cannot develop or be understood without considering the contribution made by a modern, innovative and competitive forest products industry, both in terms of its economic activities and its social responsibilities.

Almost 150,000 men and women in Quebec participate, directly or indirectly, in this important industry in every region of Quebec. That is not insignificant. In 2003, the industry had a payroll of \$3 billion and represented 14.4 per cent of the Quebec manufacturing sector's total payroll.

The industry plays a major and decisive role as regards both employment and production in the Saguenay—Lac-Saint-Jean, Abitibi-Témiscamingue, Northern Quebec, Chaudière-Appalaches, North Shore, Mauricie, Outaouais and Estrie regions. In 2003, across these regions of Quebec, employment in the forest products industry represented almost 8 per cent of total employment in the Quebec manufacturing sector. More than one job in three depends on the forest products sector in Saguenay—Lac-Saint-Jean or in Mauricie. In Abitibi-Témiscamingue, almost four out of every five manufacturing jobs is in that industry.

It is by recalling these facts that one can understand why the loss of a single job in these regions is a real catastrophe. Indeed, it's becoming very difficult to find new jobs for workers affected by the crisis in the forestry sector.

It is a well-known fact that the softwood lumber crisis with the Americans has, as we said previously, resulted in numerous production slowdowns and even permanent closures of production units. The big losers in all of this are clearly the thousands of workers who have lost their jobs.

Our union organization is sharply critical of the short shrift given the human side of this crisis and its major consequences for workers and their families, as well as their communities. In light of that fact, it is not really surprising that nowhere in the agreement is there any mention of the people working in this industry or of measures aimed at supporting them. In that regard, we note a flagrant lack of interest and desire. And yet the concessions made by workers and the plant closures they have been subjected to greatly contributed to the collection of some \$5 billion placed in trust as a result of the softwood lumber crisis.

In Quebec, workers and their association have been exceptionally open-minded, with a view to helping affected companies come

through this crisis. In fact, we firmly believe most companies operating in the forest industry will recover from this crisis and, once it is behind them, become profitable again and end up in an even better position to succeed, since the house cleaning will already have been done.

● (1155)

The fact is that this entire exercise will turn out to have been very costly for the thousands of workers who lost their jobs in the crisis, but benefited from no support measures whatsoever. What is worse, lumber companies currently operating in Quebec refuse to accept any responsibility for the forest industry's current situation and the job losses that have resulted. Under the circumstances, it is very difficult, indeed impossible, to negotiate additional employer contributions to assistance programs, such as assisted retirement programs. While they recognize the usefulness of these measures, they refuse to participate.

If the agreement that has been negotiated is implemented and money is returned to these companies, how will they use those funds? Will companies set aside part of the money to help workers and their families come through this crisis?

We sincerely doubt it. And yet, that is the logical thing to do. That's why we believe the Canadian government must show some leadership in this regard by encouraging the establishment of a workers' assistance fund with the money that is recovered when the dispute is ended. We also believe that the magnitude of the labour crisis and particular characteristics of the forest industry, which we described earlier, require the creation of a special program using the Employment Insurance Fund.

The Quebec forest products sector is going through a crucial phase in its history. This industry, which is part of Quebec's industrial heartland, is not only affected by economic conditions associated with the business cycle of its traditional export market, but also—and to an even greater extent—by structural pressures of such a magnitude that support is an absolute necessity. Those pressures relate as much to changes observed in Quebec, with respect to the nature and use of the comparative advantages our industry receives from developing natural resources which are fundamental to their activity, as they do to the emergence of new industrial models on a global scale during the last 20 years or so.

In the wake of the Coulombe report, the Government of Quebec took steps to ensure better management of Quebec's public forests. However, there is still a great deal of work to be done, and we believe Quebec's many industry players will opt for structural reform of the forest products industry.

In that regard, the anti-circumvention mechanisms provided for in the agreement are of tremendous concern to us. It would seem that every reform needed to ensure that the Quebec industry has a bright future is closely scrutinized by Washington.

Furthermore, the restrictions set out in the agreement with respect to either volumes, minimum prices or, more importantly, a monthly price setting procedure, will lead to restructuring in the lumber mill sector, leading to significant impacts on the labour force. How can one reasonably believe, in an industry as complex as ours, that companies will be able to plan their operations on a monthly basis?

For all these reasons, we cannot support the softwood lumber agreement that has been negotiated.

•(1200)

[English]

The Chair: Thank you, Monsieur Parent.

Now we'll go to Monsieur Rivard from the United Steelworkers, council chair. Go ahead for six minutes, please.

Mr. Normand Rivard (Council Chair, United Steelworkers): *Merci, monsieur le président.* Thank you, Mr. Chair.

On behalf of 280,000 Canadian members, 50,000 who work in the forest sector, the United Steelworkers find it extremely unfortunate that we are here today. This is because we believe that the deal we are considering is a poor one and that Canadians already had a successful strategy to deal with the U.S. forest industry and administration's unfair and illegal imposition of lumber tariffs on duties in May 2002.

[Translation]

Since then, we have shown the U.S. that many Canadian sawmills could outcompete them even with exorbitant duties on our lumber exports. Any recent economic problems firms may be facing have more to do with the rising Canadian dollar than with U.S. protectionist measures.

Meanwhile, by winning in court, we showed them that the Americans' legal case was groundless and their protectionist measures illegal.

[English]

Canada was winning, after all, whether in the North American Free Trade Agreement tribunals, the World Trade Organization, or the U.S. courts of law.

On July 14, the Court of International Trade, the CIT, ruled that the tariffs and the duties are illegal, and that judgment simply serves to confirm our view. The U.S. is rapidly exhausting its legal avenue before NAFTA, as witnessed by the NAFTA rejection of the Americans' extraordinary challenge appeal. The U.S. is even losing at the WTO, the only body that had previously upheld some of their contentions. We find it unfortunate, therefore, that our government is prepared to throw away the advantage we have earned at law and instead to saddle the industry with what is clearly a terrible negotiated agreement.

In agreeing to the terms of the current agreement, it appears that our government has fallen into the trap that Carl Grenier of the Free Trade Lumber Council described when he observed that Canada has admitted that we are guilty as charged of producing subsidized lumber, dumping it on the U.S. market, and unfairly harming the U.S. industry. We are therefore prepared to throw ourselves onto the Americans' mercy, as Grenier notes. But Canada is not guilty as charged on any of those counts. Successive court rulings prove it.

Nonetheless, for policy reasons, known perhaps to the government but not to Canadians, the government has rushed into this devastating agreement. It did so without proper consultation with affected governments and stakeholders. In spite of a commitment to

the contrary, the deal was even initialled in Geneva before industry representatives had a chance to comment.

It is, in short, a hastily concluded deal. Steelworkers believe that we will come to regret it. After all, it's clear that the agreement is severely flawed.

•(1205)

[Translation]

The terms do not provide free access to the U.S. market, in spite of the Minister's claim in the House of Commons on April 28. Canadian exports are capped at 34 per cent of the U.S. lumber market and further trammelled by the so-called "surge mechanism", a policy which effectively penalizes Canadian producers for efficiency. Meanwhile, the U.S. continues to have free access to Canadian raw logs, while third-country producers enjoy truly free access to the U.S. market.

The term of the agreement, which changed dramatically over the course of negotiations since April 27, is now such that Canada really has as little as two years of peace, rather than the seven to nine we were originally offered. We are also told that the U.S. will now enjoy preferential rights to terminate the agreement. Yet the \$1 billion price tag remains the same.

The timing is poor, since most industry analysts agree that the U.S. housing market, hot until recently, is now cooling off. That means that from the onset of the agreement, Canadian producers will likely be paying between 10 and 15 p. 100 in export taxes, a rate higher than even the current level of U.S. tariffs and duties.

So what is in this deal for Canada? As we noted in our submission to this same Standing Committee back on June 19, we believe that the only reason to sign on to this agreement is the prospect of getting back a proportion of the illegally collected money currently held by the U.S. Department of Commerce.

Furthermore, we respectfully submit that this is just not a good enough reason to lock Canada into what is really a short-term fix, that not long from now will permit a renewal of U.S. protectionist measures. Developments since June have only confirmed that judgment. After all, although the deal calls for the return of 80 per cent of the duties collected illegally from Canadian companies, there are still no provisions in the agreement for much needed investments in Canada's forestry sector, even though we have seen a number of recent closures that can be attributed to inadequate capital formation in Canada.

[English]

While our plants and their equipment remain starved for capital, Canadian forest companies have continued to invest profits made in Canada in U.S. and overseas acquisition, merger, or outside the sector. Notably, Canadian companies such as Canfor, Abitibi, Ainsworth, and Interfor have purchased mills in the United States.

Steelworkers therefore urge the government to ensure that workers, resource-based communities, and taxpayers get something tangible for the hundreds of millions of dollars with which they have supported forest companies through this dispute. To this end, there must be commitment that a generous portion of any remission that firms receive from a settlement of the lumber dispute will be reinvested in job creation, workers' training and retraining, and infrastructure and community adjustment in Canada.

It's a bitter pill for workers and communities to swallow, for instance, when they learn that while the deal calls for \$500 million in spending on such work in the U.S., it calls for not one penny to be invested in Canada. How, they ask, can Canadian firms continue to invest in sawmills in South Carolina, Washington, and Oregon, OSB mills in Minnesota, or plants in Maine, while plants in this country continue to be closed because of lack of capital?

The *Globe and Mail* commented that "underinvestment in the Eastern Canadian forest products industry has been chronic for so long that it would take billions to make this country's pulp and paper mills as modern as those in Scandinavia or South America."

The deal, meanwhile, with its abruptly short actual term of peace from U.S. trade action, even provides the U.S. industry and the Coalition for Fair Lumber Imports with a reward for sponsoring what have now been definitely shown to be illegal trade actions. A \$500 million nest egg will finance future trade harassment as early as two years from the time the deal goes into effect.

In short, by now it is clear that this agreement does not well serve Canadian interests, whether the interests of our forest industry, of forest sector workers, of forest-based communities, or of Canadian citizens. It provides insufficient value to Canada while offering dangerous incentive to future U.S. trade actions. It does not represent a satisfactory resolution to the lumber trade dispute.

We therefore recommend the following course of action.

Canada must renounce this agreement. The government and Canadian companies should continue with their legal actions. We urge Canadian companies not to agree to withdraw their legal challenges or to agree to payment of funds to the U.S. industry. The government should continue to support the legal action required to erase fully all possible U.S. legal avenues in return for taxpayers' assistance in winning the legal case or negotiating a worthwhile settlement. The government should require that a portion of any returned remission be committed to necessary investment in the Canadian forest industry.

• (1210)

[*Translation*]

The government should remain open to a negotiated settlement, but it should only agree to a deal that fulfills these conditions: it must truly provide fair and open access to the U.S. lumber market, without tariffs, duties or quotas; it must return all the money illegally collected from Canadian firms; it must guarantee that Canadian producers will enjoy U.S. market access that is at least as free as that enjoyed by third-country producers; it must allow equal access to the U.S. market for all Canadian lumber producers, regardless of sector or region; it must end the unfair penalization of Canadian remanufacturers and value-added wood manufacturers; it must not

reward the U.S. industry for initiating this dispute; it must include the creation of a forest-sector investment fund to ensure investment in Canadian forest industry jobs, training and communities; and finally, the agreement must be supported by meaningful consultation with all the governments of all affected provinces, as well as the industry, unions and forest-based communities.

[*English*]

In short, we urge Canadian companies and government to set aside selfish interests and clearly stand up for Canada and Canadian interests. We must keep in mind the reality that Canada's forest sector is our leading industry and that it is a major source of jobs, government revenue, community stability, and export earnings. Forest sector workers help generate the wealth that pays for medicare, schools, and other quality services to people in this country. Forest sector dollars put kids through school, support our communities, and allow us to retire with dignity; nonetheless, our industry currently faces severe challenges and obstacles.

We need to overcome a rising tide of unfair protectionism. We need substantial investment in the productivity of our mills and plants—our workplaces—our products, our skills, and our communities. We need policies and actions that put Canadian interests first and invest in our common future.

With the right tools and the opportunities, we know we can compete with the world. We need Parliament and government to help provide them.

I rushed through this in order to make sure I finished and would have a few questions.

The Chair: Thank you, all of you, for your presentations.

We'll go directly to questions now, to the official opposition, the Liberal Party.

Mr. Boshcoff.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you very much.

I'll ask my questions to the panellists, and then they can answer in turn, understanding they have seven minutes to respond.

The deal has slid from seven years on April 27 to a minimum of 18 months. Why not cast in stone seven or more years? The corollary of that, of course, is how can we trust the Americans not to ignore even that 18-month minimum? That question is for Mr. Feldman.

Question two is on the dispute panel. Over \$5 billion was taken illegally through illegal tariffs. The money was taken unlawfully; that's very clear. So why are we now actually going to agree to that illegal act? It's essentially piracy.

Thirdly, the Court of International Trade said on July 14 that the Americans could not collect those duties, that they must give them back, unless we signed this agreement, allowing them to take them. So if this panel, this court—the highest court—says it's illegal, and the dispute panels have been ignored by the American lumber industry, then does it mean that NAFTA no longer works?

Those three questions are for Mr. Feldman.

For Monsieur Rivard, your representative, Kim Pollock, warned about the surge mechanism factor. Even with this deal, future penalties may be so punitive that many of the companies agreeing to this now may find themselves under duress, to the point where, even if they made an error in calculation of their refund for these tariffs here now—as an aside—they would not even have an appeal for that. So those are my two questions.

Monsieur Parent, the media has widely recognized that the minister has essentially bullied companies into agreeing to this and, really, hung them out to dry. Could an unhappy company make for a happier workforce and happier communities? I guess that's my concern. With this reluctance, can this really work in the long run?

Thank you.

Thank you, Mr. Chairman.

• (1215)

The Chair: Mr. Feldman, go ahead.

Dr. Elliot Feldman: Thank you, Mr. Boshcoff.

Let me take your questions in the reverse order to which you asked them. You asked if this is the end of NAFTA. The alternative dispute system proposed in the agreement is a complete abandonment of chapter 19, so it declares that chapter 19 is irrelevant.

More perniciously, by abandoning the litigation we've left open one critical question: do NAFTA panels have retroactive authority? That question is being answered by the CIT panel that you invoked, that you mentioned, July 14. That's a three-judge panel chaired by the chief judge.

I heard Mr. Johnson say this morning, well, how do you know you'll win the appeal? Because three-judge panels chaired by the chief judge don't get reversed—that's how you know. That's going to a one-year appeal. So it's not the final court, but it's virtually the final judgment.

We're awaiting this month a decision on the retroactive authority of the panel. If we abandon it, then no one will sensibly ever go to chapter 19 again, because they'll know, courtesy of the two without-prejudice clauses in the agreement, that the United States is entitled to say that its position is that it gets to keep the money. You'll have to

fight that whole legal battle all over again—four years—in order to establish that a panel, in fact, can give you back your money. Consequently, no one will ever go to chapter 19 again.

Your second question—why agree to the piracy of the \$5 billion—is, I think, related to the answer I just offered you. That is, you are now, as Mr. Julian has frequently said, on the last two hurdles of a four-year legal battle. It's not two or three years away; it's not seven years away. You're at the end. And at the end, you're abandoning the process and becoming, as Monsieur Parent and Monsieur Rivard indicated, guilty as charged.

As to your first question on why it isn't really seven years, it is true, as has been invoked in these hearings, as was mentioned on July 31, that it was British Columbia that initially said maybe we need an exit somehow. We need an exit because the agreement otherwise doesn't provide one. There are no policy exits, there's no expectation of a policy exit. This is the first agreement ever entered into by Canada where there is no way out. Therefore, everyone said, well, maybe there should be a way out earlier—at least British Columbia did—because indeed, looking at the impact the agreement is likely to have on the operations of the industry, Canada may well want out of this agreement in less than seven years.

The difficulty is that by setting it up as two years plus one and lining the pockets of the coalition with \$500 million, you've not only proven there's a reward when there wouldn't have been—because they weren't entitled to any money—you've not only financed the next round of litigation, but you've reconfirmed the benefits of launching the petition in the first place. So if the agreement doesn't benefit the coalition enormously—which there's reason to believe it would—then the coalition will be galvanized to file another petition.

For those reasons, you did need to go to the lengthier term, but because British Columbia asked and the United States was delighted to accept, the longer term is no longer available.

Indeed, as was suggested this morning, this is no longer a 24-month deal, this is now an 18-month deal.

The Chair: Thank you.

Does either of the other panellists want to answer that question?

• (1220)

[Translation]

Mr. Sylvain Parent: I can't speak for the companies, but I presume that they are not happy with the settlement that is now on the table. I should say that our organization is present throughout Quebec and that thousands of Quebec workers are unhappy. The softwood lumber crisis has had serious consequences for many families and regional communities. I could cite the example of residents of Lebel-sur-Quévillon, who directly depend on the forest industry. Recently, the community of Saint-Michel-des-Saints found itself in the same situation.

In our opinion, the softwood lumber issue has resulted in job losses. In Quebec alone, almost 7,700 jobs have been lost. We can assume that 7,700 further jobs will be lost in the coming months.

The softwood lumber issue is one of the factors behind these job losses, factors that include the value of the Canadian dollar, the cost of fibre in Quebec and the Coulombe Commission report. But this is an additional element that only proves that the workers of Quebec are right. We are asking the federal government to provide economic support to all communities and to support workers through special programming.

Many people believe that this crisis is unprecedented for the industry, including in Quebec. And if it is an unprecedented crisis for the Quebec industry, it is also an unprecedented crisis for all Quebec workers. The fact remains that workers contributed to the \$5 billion squeezed out of us by the Americans. Unfortunately, there are no measures there to support workers. Every day we speak to alarmed workers who are begging the Canadian government to take immediate and urgent steps to support their economic activity as a whole.

[English]

The Chair: Thank you, Monsieur Parent.

Your time is up, Mr. Boshcoff.

We'll go now to the Bloc Québécois, to Monsieur Paquette, for seven minutes.

[Translation]

Mr. Pierre Paquette (Joliette, BQ): Thank you, Mr. Chairman.

I want to thank you for your testimony. I want to say a special hello to Sylvain Parent, who is from the riding of Joliette. He mentioned the announcement two weeks ago that a plant would close in Saint-Michel-des-Saints. We hope it will be only a temporary closure. The sawmill and the waferboard mill have shut down. Six hundred direct and indirect jobs are threatened.

From the very beginning, the Bloc Québécois and the other opposition parties have been demanding that assistance be provided as a result of this dispute with the Americans. In the case of the companies affected, we have talked about loan guarantees, whereas for workers, we have said that changes to Employment Insurance are required. In this latter case, we not only propose that the number of hours required to access employment insurance be much lower—we suggested 360 hours—but also that assistance programs aimed at older workers, such as the ones in place until 1998, be brought back. In that regard, the previous government showed absolutely no

openness to these ideas, except towards the end of its mandate, a few weeks before an election was called. At that point, it announced loan guarantees over a five-year period totalling \$800 million. For its part, the new government has made no announcement whatsoever.

In your view—and here I am addressing my question to Mr. Parent and Mr. Rivard—had assistance programs been in place, would the circumstances of the industry and affected communities be any different? There was a program introduced for affected communities. However, I checked to see what the situation was in the Lanaudière region, and it turns out that no money has been allocated to the forest industry. Nothing has really been done to help that industry. The money was used to open tourist bureaus or for tourist activities.

Can we assume that given the difficult circumstances in which the industry finds itself—Mr. Parent emphasized that point, saying that the Canadian dollar and energy costs are high—additional liquidity would have helped workers come through this crisis with less economic hardship? Perhaps we would now be in a position to continue negotiations with the Americans.

It seems to me that because of the lack of financial support, a lot of people are going along with this agreement because there is a knife to their throat, as my colleague, Robert Vincent, said earlier. These people are even being told that they won't get any assistance if they don't support the agreement. In your opinion and from the perspective of the unions, had there been an assistance program in place, would that additional flexibility mean that negotiations or the battle in U.S. courts could continue?

• (1225)

Mr. Normand Rivard: Yes, absolutely. We have always been in favour of loan guarantees and assistance programs. Right from the beginning of this dispute, two or three years ago, our union made representations to the federal government. They were along exactly the same lines as what you just said—in other words, loan guarantees, assistance programs for older workers that would allow them to retire with dignity, and professional retraining programs.

We know that across Canada, retraining is absolutely essential, particularly for people working in the trades. This is an option that we presented to government on many different occasions. But we were given nothing. There is no doubt that had such programs been in place, we could have continued the battle. In my opinion, the battle is almost over. It has already been won.

Mr. Sylvain Parent: I would just like to add that the softwood lumber dispute is certainly not the first dispute to bring us in conflict with the Americans. Unfortunately, we had to start all over again each time. We believed that would continue to be the case as long as there was no way of defining the future. A legal solution had been proposed.

Our assumption is that there may still be negative impacts. We were talking about anti-circumvention earlier. One has only to consider how an employer plans his production month over month, based on how much he has been able to export, to realize that this will probably result in sawmill consolidation, and therefore, job losses.

We have stated and repeated this many times: Quebec workers who are part of this industry are facing a severe crisis, and yet there is some \$5 billion in the kitty. Under this agreement, there is absolutely nothing for workers. We are calling on governments, both federal and provincial, to put special programs in place to help them during the transition.

There is a structural problem within our industry. We should be able to introduce temporary programs that focus on career re-development, relocation measures and training. In this industry, there is an older work force with younger workers coming in. But every time there are cutbacks, the young people leave, which creates a vacuum. Economic measures are needed to allow the younger generation to take over. That has to happen through special programs, such as the one mentioned earlier by Mr. Paquette. It would most certainly be advantageous to reintroduce the older worker adjustment programs, to help people get through this crisis and restructure the industry.

Mr. Pierre Paquette: I hope the Committee will see fit to make a recommendation along those lines, because we don't need the Americans' permission to change our employment insurance system. The same goes for business investments. We'll have to find an imaginative way of encouraging businesses to reinvest in their equipment. As you stated earlier, a lot of investments have not been made because of the need to pay illegal countervailing duties.

Mr. Feldman, I asked you this question, but I would like it to be on the record. Mr. Johnson and Mr. Wilson told us that the termination clause was added at the request of the Canadian government because under the Vienna Convention, the agreement could have been terminated after a year.

I checked the Vienna Convention personally, through the services of the Library of Parliament. The fact is that there is nothing in that agreement that actually says that because, according to what I've been told, it is only a convention. I'm also told that none of that has any relevance since it involves quotas.

I would like to have you explain that for us, because that is one of the arguments that has been made in Quebec to try and secure support for the agreement.

[English]

Dr. Elliot Feldman: Thank you.

That's correct, it is by convention. This is a government-to-government agreement, but it's been frequently invoked that the United States government would therefore undertake, in effect, not to terminate early. But it was admitted during the negotiations that the United States was negotiating on behalf of the coalition. Mr. Mendenhall said that himself. Indeed, every time there was a proposal made from the Canadian side that was rejected, we were told it was because the coalition wouldn't accept it. Therefore, it's reasonable to expect that if the coalition decides to terminate, the United States government will terminate.

More fundamentally, the agreement is, on its face, illegal because it involves quotas. Quotas violate the WTO. They're not permissible. So how you would invoke international law, or before what international forum you would bring this agreement for enforcement, remains to me a very wide open question, as an international lawyer.

Where do you take an international agreement—to what international forum—to have the legalities of it enforced?

So this introduction of the notion of a one-year termination available under international law appears to me to be irrelevant to this agreement.

• (1230)

The Chair: Thank you, Dr. Feldman.

Monsieur Paradis for seven minutes, please.

[Translation]

Mr. Christian Paradis (Mégantic—L'Érable, CPC): Thank you, Mr. Chairman.

My first question is addressed to Mr. Parent. We all agree that the industry and workers are currently facing a crisis. However, let's come back to the agreement itself and what it means for the industry. I presume you were present during Mr. Johnson's testimony.

According to him, this agreement will provide a framework for the industry, bringing security and specific gains for both Quebec and Canada. He was very clear in that regard. The two fundamental points are that this agreement will ensure the survival of the industry and the firms that operate within it. Furthermore, the mechanism whereby the federal government will subrogate in the rights of the industry means that some money will be returned by Christmas time or perhaps even by Halloween, which would solve a lot of problems and allow businesses to reinvest, as has been requested.

I would like to hear your comments on this. I'm talking about the agreement. I respectfully believe that it will solve a lot of the problems workers are currently facing.

My second question is for Mr. Rivard. I paid careful attention to both your testimony and your brief. You mentioned the fact that the crisis the industry is currently experiencing is related not only to countervailing duties, but to the rise in the Canadian dollar as well. We all agree that this is a problem. However, don't you think that settling the dispute and the fact that there will no longer be countervailing duties levied would counteract some of the negative effects the industry is feeling because of the higher Canadian dollar?

Also, you raised a great many points where you say that this or that is necessary. Those points are all well taken, but an out-of-court settlement is never perfect for either of the parties, because the basic principle involved is that each must make concessions.

As Mr. Johnson stated a little earlier, we could lose our legal cases at any time on a purely procedural matter, rather than on the substance of the case. If one of our arguments didn't fly and the whole thing collapsed, what would your perspective on it be? Do you not think we would end up in a bottomless pit, if that were to happen?

Mr. Sylvain Parent: I will try to address all of your questions.

To begin with, I'd like to comment on the assertion that the softwood lumber agreement defines a framework for the industry. At first glance, one could say that it establishes a framework of sorts. However, we have strong reservations because in the past, particularly with the quota system, the situation has always ended up being called into question, something which had a direct impact on operations on the ground. As I said earlier, the industry in Quebec and elsewhere is experiencing an unprecedented crisis. It is a combination of several factors: the softwood lumber dispute is a factor, energy is a factor, fibre supply is a factor, and the cost of fibre is another. The softwood lumber dispute is part of a whole. All these factors taken together make for a completely catastrophic recipe as far as employment is concerned. Will this allow our industry to make gains? I doubt it. Everyone has concerns.

We have many opportunities to exchange views with Quebec industrialists. Do they really have any choice when it comes to supporting this agreement? The signals we've been getting from them have more to do with the economic and industrial context, which is particularly fragile. We often hear it said that this is the worst possible settlement, but we are forced to accept it. That is probably the case at this time. The industry has a structural problem, and that has far-reaching consequences. Indeed, Mr. Wilson said this morning that the most important reason for ratifying this agreement is that it will protect 300,000 jobs. But there's still a lot of work to be done in order to protect those 300,000 jobs and reassure Quebec workers as a whole.

Last month, 14 sawmills whose workers are part of our organization stopped operating temporarily, but for an undetermined period. Job losses are continuing. As I noted earlier, we are talking about 7,700 direct and indirect jobs that have been lost in Quebec, and we expect to lose as many again. That is why, when people try to convince me that this agreement will provide guarantees and consolidate the industry's position, I can't help but have my doubts.

We are asking that as long as we have not come out of this crisis, the federal government establish mechanisms to support the people of Quebec and help them cope with the difficult situation we are currently facing.

• (1235)

Mr. Normand Rivard: As I mentioned in my presentation, the higher Canadian dollar is one of the most significant problems facing the industry. But let's just consider that higher dollar and compare it to the tariffs we've been paying. If this agreement is implemented, tariffs will increase because of the higher dollar and because the market is weakening, as every economist has pointed out. There is no doubt that is what is affecting us the most.

Time and again, the courts have condemned the Americans for their illegal actions. On about four or five separate occasions, courts have ruled that collecting these tariffs was illegal. We have even seen courts issue an order for the funds to be returned to Canada. In my opinion, it's only a matter of time. Certainly, if the federal government had wanted to get involved and help the industry, it could have done so. It's only a matter of time and, in my opinion, it won't take that long. Eventually, they will have no choice but to return the money, and the battle will be won. In my opinion, though, the battle has already been won.

Mr. Christian Paradis: I respect your opinion, Mr. Rivard, but it is a question that is worth asking. We heard from Mr. Johnson, who is, after all, an expert on international law. He is a negotiator and has handled litigation. He was absolutely unequivocal on that point. With all due respect, I would point out that he didn't say it was a matter of time; he said that the situation was fraught with uncertainty and that the whole thing could collapse from one day to the next, if only on a procedural point.

Did that testimony change your perspective?

Mr. Normand Rivard: No, not at all. As far as that goes, the federal government should be helping the industry. In my opinion, no one would have opposed it; in fact, there would have been a lot of support. I believe the federal government has a responsibility to support the people of Canada, the forest industry, and every other industry.

The illegality of the actions taken by the Americans has already been demonstrated. I often have discussions with industry representatives at the national level, in Ontario or in British Columbia. And a point on which there is consensus within the industry is the need for the federal government to support and defend Canada's forest industry. It should be providing that support, but it has not.

[English]

The Chair: Thank you all.

Now we go to Mr. Julian, from the New Democratic Party.

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Mr. Chair.

And thanks to all three of you for your presentations. They are by far the best presentations we've heard so far today.

I have lots of questions. What I'll do is start off with Mr. Feldman and then go back to Mr. Parent and Mr. Rivard afterwards.

We've clarified the legal cases, Mr. Feldman. Both Mr. Johnson and Mr. Wilson admitted there are no further appeals. We're looking at two last hurdles for final victory. And I think we've clarified the termination clause. We've gone from seven years firm to 23 months firm to 18 months firm.

I'm interested in how you perceive clause 34 being used, potentially, which gives the right to the United States to terminate the agreement without further recourse to any other criteria.

I'd also like you to respond briefly to Mr. Johnson's comments. He said something about its being two or three years before we would get any repayment if we actually do the right thing, which is to get over those last two hurdles and win those victories. I'd like to hear your feedback on whether you believe that is in any way real or whether it is exaggerated, as the litigation situation was.

May I have just brief replies, please, because I'd like to come back to you.

• (1240)

Dr. Elliot Feldman: On your second question, the agreement sets out now the terms of U.S. law. It says that once there's a notice for the liquidation of the entries, within six months Customs needs to repay the money. That liquidation notice is to follow within 10 days of a final court decision saying that the entries are indeed to be liquidated.

Now, it could take a period of time to return all of the money, as there are many entries. But the first money, the money that's due from May 2002 until whenever this agreement come into effect—all of that money—is due immediately, because under the U.S. statute, Title 19, chapter 4, subsection 1504(b) of subtitle III's part III, that money has already matured for four years, and post that, all that money has to be returned within six months. That's the statute, so the notion that no money would be returned for two or three years would simply be illegal.

Mr. Peter Julian: What you're saying is, if we win those final victories, or even with the decision potentially next month, we could be seeing funds as early as spring through litigation, and then continually after that.

Dr. Elliot Feldman: If there's no agreement, I think you'll have to complete the period of appeal under the Court of Appeal, so I think you're 12 months away—

Mr. Peter Julian: Okay.

Dr. Elliot Feldman: —but at 12 months away you'll get two years' of the money and all of the interest immediately, and then you'll see the rest of it come in, and it'll be 100%, accumulating interest until the date it's returned.

Under the terms of the agreement, interest stops on the effective date. Some of that money is going to be withheld for up to as much as four years and will earn no interest at all. Under the terms of the U.S. law, interest is earned until the date the money is returned.

Mr. Peter Julian: So with this agreement we lose a lot more than \$1 billion.

Dr. Elliot Feldman: You lose a lot more than \$1 billion.

Mr. Peter Julian: Thank you for that.

On the termination clause 34...?

Dr. Elliot Feldman: My sense, as I tried to indicate earlier, is that we've created an incentive package for the coalition to file another petition. The terms of the agreement are a straitjacket for Canadian industry. If it works as the coalition would like it to work, there's no reason to bring another case, but if it doesn't work for whatever reason, the benefits of filing a petition are manifest and would have effect 24 months from the effective date.

Mr. Peter Julian: Okay, thank you for that.

I'd like to come back to what I think is quite a staggering revelation, that the funding—the \$450 million—would, as I understand it, be under the control of the White House. Congress would have no say, and Canada would have no say as to the use of that money. In a sense, in a midterm election year we'd be giving \$450 million to a massive political fund.

Dr. Elliot Feldman: Thank you for that question, because it gives me an opportunity to conclude the remarks I didn't quite get to finish earlier.

This is in my view an historic, unprecedented, astounding intrusion into American politics. We've researched all the way back to the revolution and found nothing like it in American history.

The question I came this morning to put was, will the Parliament of Canada accept responsibility for possibly tipping the balance in American politics, in preserving the control of Congress by the President's party? This softwood lumber agreement is an historic moment in part because of that proposition, and it's up to this Parliament to decide whether it'll accept the responsibility. That responsibility cannot be shifted, and indeed that money inevitably will go to shore up the electoral aspirations of the Republican Party through the President. It's not going to be touched by Congress; it's going through an escrow fund.

These are questions that could impact American politics for a generation and impact relations between Canada and the United States for generations to come. And that is entirely in the hands of this Parliament.

Mr. Peter Julian: So what you're saying is that we are not only providing money to the coalition to fight further legal battles—giving half a billion dollars to them—but we're also providing money that may go to political purposes, for the re-election of Republicans, many of whom have been most adamant against allowing free trade in lumber. It's ridiculous.

Dr. Elliot Feldman: The provision in article 13(A)(2) of the agreement, which lists the meritorious initiatives, contains language that could describe only a slush fund for the President.

• (1245)

Mr. Peter Julian: Thank you very much. That is an extremely important revelation. As we've gone through these hearings, each time we have found, with witnesses, further revelations about how bad this deal is and, really, about the instability and the danger that it would create if it were actually put into effect.

I'd like to go to Monsieur Parent and Monsieur Rivard now.

You've made a very strong case for moneys to be reinvested in communities, the communities that have paid for this conflict, and you've mentioned the lack of government action, particularly the lack of support we've seen over the last few months. Do you have any sense of what would need to be reinvested in communities so that the workers who have lost jobs and lost their homes in so many cases could actually find some solace, actually find that in the end the government had stood up for them?

Of course, you've both indicated that this deal should be set aside. What is the plan A? Is it loan guarantees? Is it just finalizing those two legal hurdles? What is the best route that this Parliament and this committee should take, since the deal seems to be going down?

Mr. Normand Rivard: Well, as I said in my presentation, we think the \$5 billion should be returned, of course. If any money is returned, we know that the federal government has participated in getting it back. Taxpayers' money has paid for that, and millions upon millions of dollars have been spent on that. We think the position of the federal government should be to tell the industry that this money must be reinvested.

In terms of reinvestment, I think we've mentioned retraining and that there is a real lack of trades out there. Money should be put in place so that older members of our workforce who are prepared to retire can do so with dignity.

In a lot of these remote communities in northern Ontario, B.C., and Quebec, when a mill shuts down, everything shuts down. The older workforce may be able to retire and stay where it is, but the younger workforce just leaves and never comes back. So money should be invested in retraining. Moneys should go to the older workforce to retire with dignity—we made that proposal. We should also make sure that the industry reinvests in the sawmill industry, the forest industry, in order to remain competitive, in order to have efficient operations, so that it can compete with the rest of the world.

The Chair: Thank you very much.

We have about 13 minutes left, but members of the opposition have requested that we deal with two motions brought forth by Mr. Julian before the one o'clock break for lunch, so we will do that. I understand they have planes to catch, so we certainly will accommodate that.

I'd like to thank you all very much for coming today, gentlemen. I know your time is precious. So thank you.

We won't have a break here. We'll go directly to the motions.

Yes?

Mr. Normand Rivard: I have a question. Could you tell me when the MPs' vote on this deal is going to take place?

The Chair: The vote? No, I can't. That'll depend on when.... There are too many things to be decided still. Of course, we'll know tonight whether industry has bought into it at an acceptable level for it to go ahead or not, and we can't go beyond that.

Mr. Normand Rivard: Okay. You also mentioned that you would like to take this committee out to B.C.

The Chair: Well, that is the subject of a motion to be dealt with. We'll see what happens with the motion, and it will go from there.

Mr. Normand Rivard: I would strongly recommend that you do this, because we all know that 50% of the industry is in the province of British Columbia. Also, there was some mention by Mr. Pierre Marc Johnson about the industry being very different in Quebec from what it is in B.C., for example. I would suggest that it is not that different. When you look at the interior of B.C., we're dealing with smaller wood. That'll definitely give you much more insight into what's happening out there.

So I would strongly recommend you do that.

The Chair: Okay. We have, of course, had witnesses from all parts of the country.

Thank you very much, gentlemen, for coming today. You may leave the table and we'll go directly to the motions.

Mr. Julian, would you like to present your first motion? The appropriate 48 hours' notice has been given.

• (1250)

Mr. Peter Julian: Thank you very much, Mr. Chair.

I don't think the first one will be contentious at all.

Given the continued concerns expressed by many witnesses appearing before the Standing Committee on International Trade on the softwood lumber agreement, and the importance of the matter to the province of British Columbia, which accounts for over half of all Canadian softwood exports, and in order that this committee obtain all the information required to make its recommendation to the House, I move that this committee conduct hearings in Vancouver upon the return of Parliament.

That would be in September. I'll speak very briefly to it.

Many companies have expressed a desire to make their views known on this agreement and, particularly smaller companies, they can't drop everything and come all the way across the continent to come to Ottawa. So I believe we need to go there, and I would hope that we have support from all four corners of this committee so that we can go to Vancouver and do our appropriate due diligence on this proposed agreement.

The Chair: Thank you, Mr. Julian.

Mr. Boshcoff.

Mr. Ken Boshcoff: Thank you, Mr. Chair.

I would like to ask Mr. Julian for a friendly amendment, that one of the hearings take place in northwestern Ontario. In that region, which is larger than France, we have been particularly affected by this, and it would be singularly important that we also have another perspective on this. So I hope he would agree with that.

The Chair: Could I ask a question for clarification? As chair, I feel I'd like to know this.

If industry agrees to this deal tonight and it goes ahead, then do you still want to go ahead with this motion and this travel? Of course, we will be dealing with this issue in Parliament, through legislation, if industry decides this deal should go ahead. We will then open it up to travel to witnesses and so on as the committee deals with the actual implementation legislation.

So I'd like clarification on that, as to what your wishes are should that happen.

Mr. Julian.

Mr. Peter Julian: Mr. Chair, until the appropriate legislation is adopted by Parliament, the deal would not come into effect. So regardless of whether or not the government feels it has industry's support, it's important to hear from British Columbia. It is the majority of the softwood industry. As I say, we've certainly been hearing from companies that can't come across the country, and I believe very strongly that we need to go to them.

I would certainly be willing to accept a friendly amendment, because I believe the more consultation the better on this.

The Chair: Are you making a motion? You're accepting that friendly amendment? Is there any debate on the amendment?

What is the amendment exactly, Mr. Boshcoff, again? Could you just present that?

Mr. Ken Boshcoff: Mr. Chair, it's clearly that one of the hearings to this motion be held in northwestern Ontario.

The Chair: The motion actually specifically says that the committee go to Vancouver.

An hon. member: I don't agree with that.

The Chair: Mr. Julian—

Mr. Ken Boshcoff: If you want the wording, it is “and that one of the hearings also be held in northwestern Ontario”.

The Chair: Mr. Julian, do you see that as a friendly amendment?

Mr. Peter Julian: I would just say Vancouver and Thunder Bay.

The Chair: Is there any comment on the proposed amendment? I know I have Ms. Guergis on the motion itself, but on the amendment, anyone?

Monsieur Paquette.

[*Translation*]

Mr. Pierre Paquette: Here we're talking about the amendment with respect to Thunder Bay. I do have some reservations, although I am not opposed to it *per se*. However, if we are going to travel to Thunder Bay, I would also like to go to Lac-Saint-Jean. The situation there is disastrous. Mr. Parent referred to it earlier.

As regards British Columbia, I agreed initially because it is a very big player and it's very far away. But I also agree with Mr. Julian that the more consultations we have with people in the field, the more beneficial it will be. That could happen while the debate is ongoing.

However, I do insist on there being one meeting in a region of Quebec that has been seriously affected by the softwood lumber crisis. If you agree, we could certainly add that to the motion.

[*English*]

The Chair: We are dealing with Mr. Boshcoff's proposed amendment to the motion. Are there any other speakers on Mr. Boshcoff's proposed amendment?

• (1255)

[*Translation*]

Mr. Pierre Paquette: Let's say the Town of Saguenay.

[*English*]

The Chair: This would be a subamendment.

Mr. Ken Boshcoff: I will take that as a friendly amendment to my motion.

The Chair: So this is a subamendment, and it looks like it is the will of the committee that we put this into the amendment. We'll have a vote on the amendment with that subamendment then included, if I see no opposition to that.

Mr. Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Speaking against the amendment, I have real concerns from a fiscal responsibility point of view. We have a government, we have an opportunity, we've had several meetings, we invite witnesses from across the country, and we're going to send members and staff all across the country, wasting taxpayers' money. If you want to do a consultation, why not have a conference call if you want to hear from these people? I think that's more efficient, using technology or videoconferencing rather than jet-setting from one side of the country to the other. I think it's a total waste of money. We're not utilizing our technology efficiently, our resources. We'll go right across the country.

We've heard from witnesses from across the country, the different associations. We've opened it up. I don't know about you in the summertime, when you guys have been on vacation, but I've allowed myself opportunities, been in consultation with our industry.

So I think it's wasting taxpayers' money.

The Chair: On a point of order, Ms. Guergis.

Ms. Helena Guergis (Simcoe—Grey, CPC): I'm sorry, we seem to be discussing the main motion at this time. I think we should vote on the amendment and proceed.

The Chair: We have a list for the main motion, Mr. Cannan. We are now dealing with the proposed amendment.

Does anyone else wish to speak on the proposed amendment, or should we just go to a vote?

On a point of order, Mr. Proulx.

Mr. Marcel Proulx (Hull—Aylmer, Lib.): I just want to make sure we understand what the amendment includes. Are we talking about an amendment that would change and say “Vancouver, Thunder Bay, and Saguenay”?

The Chair: That is correct. I thought that was the will of the committee.

Mr. Marcel Proulx: Fine. Thank you.

The Chair: So we will vote on that proposed amendment. Are you ready for the vote?

Mr. Peter Julian: So Thunder Bay and Saguenay will be added.

The Chair: Yes.

(Amendment agreed to)

The Chair: Now we'll proceed to the motion.

Ms. Guergis, you're on the list to speak to the motion.

Ms. Helena Guergis: Thanks very much.

Actually, looking at the wording of the motion, I find that since the Province of British Columbia has actually come out in support of the deal, I'm not sure why we'd need to go there. In addition to that, we have a news release here from the Coast Forest Products Association, who have said that this deal is an important step in fixing forestry. So we have considerable support from the province of British Columbia. Again, as has been mentioned here, we'll see what happens with respect to the industry.

But more importantly, have some names been submitted to the clerk that perhaps have not been accommodated at committee?

The Chair: Ms. Guergis, just so there's a clear answer to that, the clerk has indicated that everyone who has requested to come before the committee and all those witnesses put forth by the opposition who could come and would agree to come have in fact been accommodated.

Ms. Helena Guergis: Also, am I correct in understanding that we actually fund witnesses to come before the committee?

The Chair: That is also correct, Ms. Guergis.

Ms. Helena Guergis: So every single member of this committee, including Mr. Julian, Mr. Paquette, and Mr. Boshcoff through his other Liberal colleagues, has had an opportunity to submit lists of names of people who want to participate and give a presentation at committee. We've been hearing from the clerk clearly that anyone who has asked to be here has been accommodated. We cover their costs, so it's not an issue of costs for the industry. I'm not sure why we're doing this, except for some grandstanding and an opportunity for some more political rhetoric on behalf of the opposition here.

So I am completely opposed to it, and I am again reinforcing the fact that the Province of British Columbia has come forward in support of it, and the Coast Forest Products Association is, of course, in support of it. I still feel very confident that we're going to see a great deal of the industry come forward, because they have obviously negotiated and spoken with their premier in British Columbia in order for the Province of British Columbia to come out and say they do support the deal.

For that reason, I am opposed to it. We've been very accommodating, and there is no reason they could not have come here.

The Chair: Thank you, Ms. Guergis.

We do have more people to speak on this. I would like to remind members of the committee that later this afternoon, in fact, we have representatives from the two biggest companies in British Columbia before this committee. So please keep that in mind as we continue the debate on the motion.

Monsieur Proulx, for debate on the motion.

• (1300)

Mr. Marcel Proulx: Thank you.

I just want to remind my colleague, and her colleague, that we are talking of three important regions in the country that have suffered and will continue to suffer because of this deal. I appreciate the fact that we pay travel expenses, or costs, for these witnesses to come to a committee, but we have to realize that if you're from British Columbia or northwestern Ontario, it takes more than the two or three hours that you're sitting here at the table and testifying. It implies a few days. We certainly do not pay for lost wages. We don't pay for lost profit. We don't pay for replacement costs. It's one thing to say that we invite these witnesses and pay their expenses, but it's another thing to say that they don't lose anything.

I think it would be a wise move for the committee to go to these three different regions and make sure that we hear everything from all of the citizens who want to testify. I think it's important that the

government take the time to look after the interests of these three different regions.

Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Vincent.

[*Translation*]

Mr. Robert Vincent (Shefford, BQ): Could we call the question?

[*English*]

The Chair: Okay.

Monsieur Paquette.

[*Translation*]

Mr. Pierre Paquette: Could we call the question?

[*English*]

The Chair: Okay.

Ms. Guergis.

Ms. Helena Guergis: I just want to add that perhaps my colleagues could show me lists of people who have said they wanted to come before the committee—and perhaps that's why you've made the decision to do this—because we've heard from no one saying that they weren't given an opportunity to come before committee. I'm curious as to whether there are any lists out there of people who haven't been accommodated, because as I've said, we have already accommodated everyone who has asked to come before committee.

I would remind my honourable colleague that I don't need any reminder. I know about the devastation the regions and the communities and the families have felt because of this dispute. Of course that has been the focus of our government—to find a deal to help the industry and the communities and those who have suffered.

The Chair: Would anyone like to respond to Ms. Guergis?

Mr. Marcel Proulx: We can go on all day like this.

The Chair: Monsieur Paquette.

[*Translation*]

Mr. Pierre Paquette: Could we call the question?

[*English*]

The Chair: Okay, let's go to the question. I don't see—

Mr. Cannan, just before we go to the question.

Mr. Ron Cannan: Thank you, Mr. Chair.

Just to clarify, upon the return of Parliament, is there some sort of timeframe when you're anticipating to arrange this travelling? September 18 is when the House sits, and you heard from Ambassador Wilson that the government is hoping to introduce this legislation within the first week or two of the House sitting.

The Chair: That's, I guess, a situation we'll have to deal with should it happen. But we do know that the Liaison Committee of the House of Commons has to approve any travel by committee. The Liaison Committee probably won't be meeting until the second week that the House sits, and by that time, we'll see whether there's legislation. I understand what you're saying, but of course there isn't certainty.

We'll continue. Let's go to the question, then.

(Motion as amended agreed to)

The Chair: The second motion, Mr. Julian.

Mr. Peter Julian: Thank you, Mr. Chair.

I believe the House Liaison Committee will be called back earlier to meet on that, so that we can get things going and hold these hearings the first week that Parliament reconvenes. I know there will be a lot of witnesses very interested in meeting with this committee.

The second motion is that the Standing Committee on International Trade recommends that the Government of Canada immediately introduce loan guarantees long called for by the Canadian softwood lumber industry.

That's something that I think all parties have pledged to do and is very timely. Given the fact that there seems to be a lot of opposition to this deal, it's important to have a plan A, and the plan A includes loan guarantees. We've also heard from witnesses who have said that loan guarantees would be extremely important to allow the industry to stabilize as we clear the last two legal hurdles.

The Chair: Thank you, Mr. Julian.

Monsieur Paradis.

[*Translation*]

Mr. Christian Paradis: Mr. Chairman, as you stated earlier, we will know as early as this evening what is happening with the industry. Why ask for the loan guarantee process to start up again when the current process may well yield very positive results and be quicker?

• (1305)

[*English*]

The Chair: Is there anyone else on the motion?

Mr. Boshcoff.

Mr. Ken Boshcoff: Mr. Chair, I'd like to amend it by adding a quantum that loan guarantees be equal to the money illegally kept, so that it be in the vicinity of \$1 billion.

The Chair: Let's go to debate on the proposed amendment to the motion.

Does anyone want to speak to the proposed amendment to the motion?

Mr. Julian.

Mr. Peter Julian: I certainly appreciate the spirit of Mr. Boshcoff's amendment, although what we're talking about actually is the global package, a loan guarantee that's sufficient to the moneys that have been illegally kept, which allows the cashflow of the industry. They've been stating very clearly since we first started in this new Parliament that they desperately need it, and those loan guarantees have been without. We're not talking about \$1 billion; we could be talking about more than that. It is not money that is paid out from taxpayers, as somebody incorrectly stated from the government side. It is simply the government allowing, through loan guarantees, companies to access loans for cashflow requirements. It is very important at this crucial stage in the softwood industry.

The Chair: Mr. Boshcoff, do you want to have a final say on your proposed amendment to the motion?

Mr. Ken Boshcoff: In the spirit of passing this resolution quickly and promptly—I'd rather not obfuscate things—I'll withdraw the amendment.

The Chair: Is there agreement with Mr. Boshcoff withdrawing? Okay.

To the motion, is there any other comment?

Yes, Mr. Lemieux.

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): I would like to comment as well.

As we've listened to witnesses throughout our many meetings on softwood lumber, what we've heard is that if industry supports the agreement, and the agreement carries, then they don't need, or it's not necessary, that they have loan guarantees. The amount of time and effort it's going to take to set up the loan guarantees and actually implement them so that the companies can benefit from the loan guarantees is longer than it would take to get their money back on the deposits if the agreement passes.

For the second time, I think your motion is not well worded and it's premature. It's like the previous motion that we just voted on. We're going to know tonight where industry stands on this. We will know tonight whether or not they support the agreement and we will have a very good feeling as to whether or not loan guarantees are required or not required and whether these deposits will come back. That's what I wanted to comment on, that this is what we've heard from witnesses.

The Chair: Thank you, Mr. Lemieux.

Mr. Paquette.

[*Translation*]

Mr. Pierre Paquette: First of all, I want to point out that the agreement has not yet been signed. We don't know what the industry's response will be. In fact, even if we did know, that would not change the fact that there is still a great deal of uncertainty, particularly as regards the program announced by Minister Emerson in his letter.

He states that the money will be arriving over the next six weeks. However, we have no idea how he is going to obtain the list of companies and determine the amount of cash deposits paid by each and every one of them. Since we have no assurances in that regard, it would be better for the Committee to make recommendations along the lines of what has been requested for quite some time now. Contrary to what you've said, this motion is not premature. This should have been put in place a long time ago. I support the motion. We'll see this evening and in the course of the next few days what comes of the April 27 agreement.

Mr. Christian Paradis: A subrogation mechanism has been provided for. Could a loan guarantee program be set up over the course of the next six to eight weeks? In my opinion, Mr. Chairman, that is a pipe dream. And it is premature, despite what my colleague just said.

[*English*]

The Chair: Okay. Is there anyone else on the motion?

We will go to the question.

(Motion agreed to)

The Chair: We will now take a half-hour break for lunch and then we will return.

This meeting is adjourned.

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