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SOFTWOOD LUMBER CRISIS

INQUIRY—DEBATE CONCLUDED

Inquiry by:

The Honourable Yonah Martin

Tuesday, April 11, 2017

THE SENATE

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On the Order:

Resuming debate on the inquiry of the Honourable Senator Maltais, calling the attention of the Senate to the softwood lumber crisis.

Hon. Yonah Martin (Deputy Leader of the Opposition): Honourable senators, I rise today to speak to the softwood lumber inquiry introduced by Senator Maltais. As a British Columbian, I know the impact the softwood lumber industry has on the B.C. forestry sector, especially for B.C.'s rural communities.

B.C. produces more than half of Canada's softwood lumber exports to the United States, and the industry is critical to 6.3 per cent of the province's workforce, some 60,000 workers, in 140 forestry-dependent communities.

When figures for the entire provincial forestry industry are considered, including wood, paper and pulp manufacturing, as well as support services, the industry creates approximately 145,000 jobs affecting 40 per cent of the province's rural communities and accounting for \$4.6 billion annually in exports to the United States. In short, British Columbia relies heavily on this crucial industry for jobs, economic growth and prosperity.

Historically, the prime importer of B.C.'s softwood lumber has been the United States. Since 1982, Canada's softwood lumber exports have been subject to five separate rounds of U.S. trade litigation, but the last negotiated agreement was signed in 2006. In 2001, when the third agreement expired, the U.S. applied a 27 per cent import tariff on Canadian softwood lumber, resulting in the layoffs of nearly 15,000 British Columbians.

The root of the most recent softwood lumber dispute lies in the allegation from the U.S. softwood industry that the prices charged to Canadian softwood lumber producers by provincial governments for the right to harvest timber on provincial Crown lands, known as stumpage rates or fees, were too low and constituted a subsidy that harmed U.S. producers.

In response, the U.S. imposed duties on softwood lumber imports from Canada. We know that the U.S. softwood industry

is again busy lobbying the Trump administration to impose another round of tariffs on this basis. If duties are imposed on Canadian lumber this spring, it is expected to be in the same region as 2001, around 25 per cent or higher.

The U.S. softwood lobby's proposed tariffs translate not only into higher housing prices in the U.S. but also lost jobs and wages in the construction and other related sectors.

The U.S. National Association of Home Builders estimates that a 25 per cent duty translates into nearly 8,000 lost jobs in the U.S. or \$450 million U.S. in lost wages. Higher housing prices will make home ownership less attainable.

The U.S. National Association of Home Builders also projects that for every \$1,000 added to the price of new homes, more than 150,000 Americans will no longer be able to afford to purchase a home. If President Trump wants to meet his target of 4 per cent GDP growth in the U.S., he needs a robust housing market to stimulate economic growth.

While the softwood lumber agreement was not perfect, it allowed firms to focus on operations and production. The agreement provided U.S. industries with the certainty of access to a superior Canadian product, and it afforded industries in the U.S. and Canada to constructively grow their respective businesses to compete with industries such as steel, cement and composites.

The softwood lumber agreement was a priority for the Harper government. When the Trudeau government let the agreement lapse, it was very concerning.

Honourable senators, there's no time to waste as the lives of many families across Canada, and especially those in my home province, await action and certainty and stability to a sector that is vital to both the Canadian and American economies.

It's time for this current government to stand up for the workers and families that rely on Canada's world-class forestry sector.

Honourable senators, if ever there was a right time to negotiate a new agreement, it is now. Thank you.