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Chair

Mr. Leon Benoit

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● (1335)

[*English*]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Order, please. We'll now start meeting number 18.

We're dealing, of course, today with the softwood lumber agreement, which was signed on July 1, an agreement between the Government of Canada and the Government of the United States.

We have in this group of witnesses, from the Independent Lumber Remanufacturers Association, Russ Cameron, president; from the Canadian Lumber Remanufacturers Alliance, Francis Schiller, executive director; and from the National Association of Home Builders, Barry Rutenberg, member of the executive committee and board of directors and president of Barry Rutenberg Homes.

I just want to make a note right now that Mr. Rutenberg will have to leave a little bit early because he has a plane to catch. So if you have questions for him, please direct them to him early.

We have also, from the Maritime Lumber Bureau, Diana Blenkhorn, president and chief executive officer; and from J.D. Irving, Limited, Jim Irving, president.

I understand that Ms. Blenkhorn and Mr. Irving will have their presentations together, and that will save time, which is much appreciated. We're trying to squeeze a lot into the short time we have today.

We'll go in the order in which you're listed on the notice. We'll start, in terms of presentations, with Mr. Cameron, president of the Independent Lumber Remanufacturers Association.

Go ahead, please, Mr. Cameron.

Mr. Russ Cameron (President, Independent Lumber Remanufacturers Association): We thank you for having the Independent Lumber Remanufacturers Association back again so soon and for taking a second look at this proposed softwood lumber agreement.

We're also very pleased to see the National Association of Home Builders here today, and we thank them for supporting Canada and free trade.

The 112 members of the ILRA represent the majority of British Columbia's non-tenured forest products companies. Our markets are all over the world, but our primary market is the United States. Our ILRA constitution directs us to maximize the socio-economic benefit per cubic metre of timber harvested by promoting business conditions that result in the further processing of wood products in British Columbia.

Our members believe that their already stressed businesses will suffer further negative impacts if this agreement proceeds. They believe it would result in further decreases in Canadian value-added processing and that there will be further employment losses and business failures. Our members have paid about 3% of the national total of duties, and most, if not all, of that 3% will not sign on to this agreement.

We used to speak about an agreement as being “the policy changes leading to free trade”. The quotas and the border taxes were called the “interim measures”. In this agreement, the interim measures are the agreement, and there is no exit to free trade. We presently have a 10.5% duty that allows us to ship as much as we want, get our money back in 6 to 24 months, preserve NAFTA chapter 19, set legal precedents, and discourage future cases. Why trade that for 15%, or a higher tax, or a 30% quota, and give up $1 billion to pay our competitors' past and future legal fees? Why would we want to guarantee that we will have another case and that we will fight it without the benefit of our hard-won legal precedents and NAFTA chapter 19?

In this agreement, the objective of the U.S. coalition is to have our own government impose taxes and quotas that will make us uncompetitive in the U.S. market. Canada has been told many times that making our sector uncompetitive on a first-mill basis, instead of an *ad valorem* basis, will not make us competitive. Whoever proposed that for our sector must think that all the U.S. remanufacturers use Canadian wood fibre. That is simply not the case. The vast majority of our U.S. competitors use U.S.-grown wood fibre to produce duty-free and tax-free value-added products. We cannot compete with them if our federal government taxes the products that we make in Canada.

It must also be remembered that we are not the only country producing value-added products for sale in the United States. We cannot compete in the U.S. market with countries such as China when our government taxes our exports and their government does not tax theirs.

Given that the random length index was $302 as of July 28, if this deal was in place today, under option A we would be expected to try to compete, paying either 15% or 22.5%. Even with the $500 price cap, the $75 to $112 per thousand tax that our government would expect us to pay to them simply isn't there for us.

For many of us, the option B, “quota plus tax”, alternative will result in an even quicker demise. If it is a quota that applies to the region in which we are located, there will be a race to the border. We do not have the ability or cash to time our shipments. At some point every month, the quota will be reached and our full trucks will be sent back to us.

If it is a quota that is allocated to companies, some of us will get quota and some will not. Our shipments have been down between 15% and 30% due to the present duties. Our quota allocations will therefore be less than last time, and none of us will get enough to sustain our reduced levels of shipments. This of course prevents recovery, growth, and new entrants.

Some producers that held quota under the old SLA have been financially unable to post deposits and would not even qualify for quota. Given that the random length index was $302 as of July 28, were this deal in place today, under option B, Canada's market share would now be down to 30%.

For the survivors, the ability to even do business under this agreement, from a practical point of view, is very questionable. There are eight different possible tax percentages, three different values for calculating it, and there is the possibility of actually turning a shipment around if one of three different shipment levels has been exceeded. And it could apply either regionally or individually. These tax rates or quotas will change every month, and one tax will even be retroactive.

● (1340)

We buy wood fibre at arm's-length market prices, and we manufacture it to serve niche markets with custom products. That takes time. We cannot even quote to our customers if we do not know at what level our government will tax our shipments, or if we do not know if we will even be allowed to ship them. The uncertainty and lack of stability inherent in this agreement are already resulting in questions from our increasingly nervous bankers.

In their April 28, 2005 proposal, the coalition stated:

> The settlement accord should provide that a province's adoption of fully open and competitive timber and log markets would automatically result in lifting of interim measures for that province. Absent fully open and competitive markets, however, the nature of criteria on the basis of which interim measures would be reduced or lifted remains in question.

We assume the tenured companies consider their tenures to be a benefit. If not, they would simply hand them in, and this would be over. The price to be paid for their decision to keep their tenures is duties, taxes, and quotas. We accept their decision, but we cannot survive under any agreement that has our government forcing us to bear the cost and consequences of retaining a benefit that our sector does not have.

We therefore ask the federal Conservative government to abandon this agreement, to deliver their promised aid package, and to get on with the litigation to force the United States to live up to their NAFTA treaty obligations.

Thank you.

The Chair: Thank you, Mr. Cameron.

Now we go to Francis Schiller, from the Canadian Lumber Remanufacturers Alliance.

Go ahead. Make your presentation.

Mr. Francis Schiller (Executive Director, Canadian Lumber Remanufacturers Alliance): Thank you very much for this opportunity to talk to you all here today regarding your study of the July 1 legal agreement text. I'm here in my capacity as the executive director of the Canadian Lumber Remanufacturers Alliance. This group represents leading independent remanufacturers of softwood lumber, with operations in Alberta, Manitoba, Ontario, Quebec, and the Maritimes.

Before I begin, I remind you that the CLRA and its members are different from the rest of the Canadian lumber industry. They have unique circumstances. Generally, these operations are small, privately held, family-run businesses. They don't hold rights to crown tenure, they don't process logs, and they are not owned or controlled by those operations that do. This is what makes them unique. This is what makes them independent.

The manufacturing process for these operations begins with sawn lumber. This lumber is purchased at arm's length. They bring value by further processing the commodity, and they do this here in Canada, on this side of the border, in communities just like those located in your constituency.

For the CLRA and its members, the softwood legal text initialled on July 1 is not perfect. A lot of blanks still need to be filled in, and more work at the operational level has to be done.

For the benefit of the committee, I'll limit my comments to three areas: the select sections of the agreement that we do support, the operational areas that still require clarification and further work before implementation, and the outstanding items that do not form part of this proposed agreement.

Although not perfect, this deal does represent some significant progress. This is critical. For the first time in the history of this dispute, independent manufacturers of remanufactured softwood lumber are recognized as a distinct class of exporters. Moving forward, this distinction between tenure and non-tenure holders will be profound. This will facilitate the distinct recognition of this group as a distinct sector in any future litigation efforts.

Further, the agreement does offer a broad approach for remanufactured product scope. This, again, is novel. It is an approach to product scope based not on a stagnant product list, but rather, on recognition of accepted processes, and any output from these processes is recognized as a legitimate remanufactured process. This recognizes the reality that remanufacturers in Canada produce all lumber types, from basic 2x4s to window and door frame components, and more. Again, this is significant and new. What is critical here is not what lumber product is being made, but rather, who is making it and how they are making it.

Finally, independent remanufacturers are being offered an FOB first-mill export price. This is not perfect and it's a far cry from the exemption or exclusion we have been asking for and are entitled to. Nonetheless, it is a step towards a level playing field. This will, in part, help to get these producers back exporting. This must be a starting point, as the status quo is not an option.

These are some of the positive elements of the legal text.

For the first time, recognition has been extended to a distinct class of independent Canadian exporters. This is critical for the group having its rights and claims recognized in the future. You have to appreciate that the dispute has been devastating for Canada's independent remanners. Over the dispute period, we have enjoyed little government support. We have experienced a lot of disproportionate economic injury. The irony is that we are widely regarded as collateral damage or innocent victims in a trade war aimed at and being fought over tenure in logs.

When Minister Emerson appeared before you previously, he stated that Canada's independent remanufacturers experienced disproportionate economic injury. He added that, going forward, we need to ensure that the remanners, as a group, benefit disproportionately.

In terms of operational matters, we still need to work with officials on several important issues to make sure the government delivers on the disproportionate benefits moving forward. Of course, we look forward to working with Revenue Canada on the certification process for independents and those types of issues, but we also have to work to ensure that we make up what we lost.

A sample of our members from Ontario clearly illustrates and confirms a national trend. Over the dispute period, which is also the reference period for the agreement, remanufacturers lost 65% to 80% of their U.S. exports, depending on the province. This is the quota gap. We have to make up for this gap on the Canadian side. We are looking to the federal government and the provinces to establish a special quota set-aside to make up for these losses experienced over the dispute.

When the dispute began, reman exports to the U.S. accounted for 7% to 10% of Canada's total. Now, remanners account for around 3%. We cannot simply shrug our shoulders now and walk away from these losses. We want allocations made on traditional pre-dispute export levels. This is the only way to fairly ensure that the hardships of the dispute are not made permanent for independent remanners over the full term of the agreement.

● (1345)

We also have to work with government officials on the rules for interprovincial trade in lumber and province of declaration requirements. It's important to remember that remanners buy and process lumber from multiple regions. We need clear rules on how quota will be allocated to remanners in other regions and how lumber from a quota region is treated when further processed and exported from a region that opted for the tax.

Finally, it's critical that independent producers have representation on all boards, committees, working groups, and dispute panels to be established under this agreement. Again, we look forward to working with officials to see that this is the case. Full recognition requires direct representation.

In conclusion, Canada's wins on lumber have always been incremental—the maritime exemption, the exclusion of the border mills. On this continuum, independent remanufacturers across all provinces are the next to get out. Although the agreement before you does not deliver on this, it is a step in the right direction. We are Canada's next big win.

We want to work with the government and put in place a tracking system to monitor shipments from independent producers over the agreement. When the next dispute erupts—and it will erupt—we want to ensure that Canada can deliver on our legitimate claim to exemption. Without a deal now, Canada's small and medium-sized independent remanufacturers are at serious risk of becoming extinct. We cannot afford the status quo. This is not an option for our group. For those who say Canada can do better without this deal, ask them what they propose in the interim for the small and medium-sized producers who are on the brink.

To sum it up, it's not a perfect deal, but it's a deal that puts us on an important step towards a level playing field.

Thank you very much.

The Chair: Thank you very much, Mr. Schiller, for keeping your comments so concise.

We'll go now to Mr. Rutenberg. Just go ahead with your presentation. Thank you for coming today.

Mr. Barry Rutenberg (President, Barry Rutenberg Homes; Member, Executive Committee and Board of Directors, National Association of Home Builders): Thank you for having me.

Good afternoon. My name is Barry Rutenberg. I'm president of Barry Rutenberg Homes, a home building business in Gainesville, Florida. I currently sit on the executive committee and the board of directors for NAHB, the National Association of Home Builders.

I appreciate the opportunity to appear today on behalf of the 225,000 corporate members—not individual members, but corporate member firms—and their more than eight million employees in all 50 states. On behalf of the NAHB, I've been very active in this file since 1994.

NAHB and other U.S. consumers represented by American Consumers for Affordable Homes, ACAH, continue to have serious concerns with this managed trade agreement and the impact it would have on lumber consumers. As a reminder, the home building industry in the U.S. is the largest single consumer of U.S. softwood lumber, accounting for at least 70% of the U.S. consumption.

When I testified before this committee on June 19, I spoke about four key points:

First, abandoning the successful litigation in favour of a negotiated agreement meant forsaking an approach that promised to give a more favourable outcome to the current dispute, by eliminating the duties and refunding 100% of the duties already paid; and additionally, walking away from the litigation would sacrifice key legal precedents that will be critical in any future disputes.

Second, changes in the marketplace would move the price of lumber into the range where high fees and stringent quotas would be triggered under the agreement.

Third, the agreement would not produce stability and predictability in the market but instead would disrupt the market and invite continuing conflict, with the half-billion-dollar giveaway to the U.S. lumber coalition used to underwrite future challenges.

Fourth, the agreement would perpetuate the impression in the U.S. that Canadian lumber is subsidized and unfairly traded, undermining our efforts in the U.S. to overcome that prejudice in our Congress.

In the intervening six weeks since I was here last time, events have underscored each of those four key reasons for rejecting the agreement initialled in Geneva.

With regard to the litigation, the suspension of the extraordinary challenge has blocked the near-certain confirmation of the NAFTA rulings against the subsidy allegations. Since then, two key decisions by the U.S. Court of International Trade have placed ultimate victory within reach. Any legal claim by the U.S. lumber coalition to the duties has been eliminated, and a three-judge panel has unanimously found that the ploy used by the U.S. government to avoid implementing the NAFTA decision on injury was illegal.

When I testified on June 19, the price of lumber had already fallen to $320 per thousand board feet, and I said that the continuing slowdown in the U.S. home building activity implied further price declines. As Mr. Cameron already pointed out, as of last week the price was $302. Under the agreement, the most severe penalties would apply whenever prices are below $315.

Our association has begun to accelerate our current work on alternative sources of supply and materials. The last-minute insertion of a provision allowing the U.S. to terminate the agreement after 23 months is only one indication of the fact that the agreement does not ensure stability and predictability.

The only predictable thing about conditions under the agreement is that the U.S. lumber coalition will seize every opportunity to undermine market forces and harass Canadian producers and provincial governments.

The litigation track is important not only because of the legal precedents being established, but because of the likelihood that the current duties will be terminated and fully refunded. The rulings by NAFTA, the WTO, and the U.S. courts provide valuable support for the efforts by NAHB and other lumber consumers to discredit unfounded allegations that Canadian lumber is unfairly traded and to build support in the U.S. Congress for free trade in lumber.

Those efforts are devastated, however, by an agreement that looks like a confession of Canadian wrongdoing. It's been argued that even if the current duties were eliminated as a result of litigation, the U.S. lumber coalition would just start another case and have new duties imposed—Lumber V.

In 2005, Canadian lumber represented only 33.4% of U.S. consumption, the smallest market share—I repeat, the smallest market share—in more than a decade, as imports from Europe surged. Meanwhile, provincial timber sales, especially in B.C., have become more transparently based on market value.

Along with the legal precedents from the current cases, those circumstances would make it much more difficult for the U.S. lumber coalition to make a credible case for injury or subsidy. If you have market transparency and a declining market share, they're hard to argue against.

● (1350)

In conclusion, since I last testified in June, circumstances have made the serious faults contained in a managed trade agreement even clearer to NAHB—and, I hope, to Canadian industry and provincial governments as well.

I thank you for this opportunity to appear today and share the views of the National Association of Home Builders with you.

● (1355)

The Chair: Thank you, Mr. Rutenberg.

Now we go to the next group, Ms. Blenkhorn and Mr. Irving. Just go ahead as you would like.

Mrs. Diana Blenkhorn (President and Chief Executive Officer, Maritime Lumber Bureau): I'd like to thank the committee for the opportunity to appear again. This is the second time since the end of May.

The Atlantic industry has been represented by the Maritime Lumber Bureau throughout the more than 25-year history of the softwood lumber dispute. The Atlantic position on the softwood lumber dispute has been, and continues to be today, a unified position of both industry and our four provincial governments: Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador. To fully demonstrate the unity that has existed throughout those 25 years, our delegation present here today is made up of both large and small companies; the head of delegation for the Province of New Brunswick, Elaine Campbell; and the head of delegation for the Province of Nova Scotia, Greg Bent.

As the spokesperson of the industry in Atlantic Canada, and with full endorsement from those four provincial governments—again, four provincial governments: Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador—I'm delighted to submit to you that Atlantic Canada supports the softwood lumber agreement as agreed to by the Canadian and U.S. federal governments on July 1.

For those of you who may be quick to discount the support apparent from industry and provincial governments in four of Canada's provinces on the basis that we've been justly exempted from the terms of the agreement, I'd like you to focus on three overriding principles from our perspective.

First, the legal text of the agreement is consistent with the framework agreement that received pan-Canadian support from industry and governments on April 27. Atlantic Canada has been consistent in favouring a negotiated resolution, provided our unique circumstances are recognized and past exclusions preserved. From our perspective—and there are others—both the framework agreement and the legal text recognize those circumstances.

Second, we should all focus on why an agreement is the preferred approach to end the decades-old dispute.

Third, we should spend some time on the alternatives.

First—and most importantly, in our opinion, as I said a minute ago—the legal text is consistent with the framework agreement, and modifications that have been incorporated generally constitute improvements. From our perspective, the legal text is based on each of the components of the framework agreement. The discussion today about the absence of termination is something I'll get to later.

Although there have never been any allegations against us, and Atlantic Canada was sideswiped by the current case, and we maintain strong feelings that 100% of our duty deposits should have been returned to us, we have demonstrated a willingness to negotiate in good faith and assist the efforts of governments both past and present to reach a settlement by agreeing to leave some money on the table.

This is phenomenal for us, because while it's easy to make the assessment that the costs have been minimal given our exemption, you should recognize that in Atlantic Canada the cost in the current dispute alone, with leaving some money on the table, exceeds $90 million, in addition to the very high operating costs that we already have and that led to our exemption in the first place.

The component of the legal text that covers the return of the duty deposits is one of the enhancements that are extremely important to industry across Canada, not just in the Maritimes. This agreement contains the provisions that Canada will purchase the receivable of the duty deposits and return the amount of money owing under the agreement to Canadian importers of record—I quote—“no later than six weeks from the receipt of the final list of cash deposits and accrued interest referred to in paragraph 2”. This compares to months extending into years for U.S. Customs and Border Protection to issue more than a million cheques on an entry-by-entry basis to cover more than $5 billion in accrued duty deposits, plus interest.

This isn't a speculative statement. In 1994, following the extraordinary challenge win in the 1991 countervailing duty case, the U.S. held approximately $800 million in duty deposits—$800 million compared to the $5 billion today. Those deposits were not returned to Canadian importers of record until Canada had agreed to enter into the 1996 softwood lumber agreement, and then it took over nine months to complete the return of duty deposits.

● (1400)

Under the current agreement, Canada has agreed to aid the industry's much-needed cashflow by purchasing the rights to cash deposits and returning the money within six weeks. This is a definite enhancement over what was stipulated in the framework agreement, and in an area that is critical to the survival of many Canadian softwood lumber producers, including those in the Maritimes.

There are other enhancements in the legal text, from our perspective, but in the interest of time I'll go to the second principle of our support, which is the reasons to enter into an agreement in the first place rather than ongoing litigation as an end to this dispute.

There have been numerous attempts to reach a negotiated resolution since March 2002, and probably the only thing agreed upon by the stakeholders on a pan-Canadian basis was the reasons to enter into an agreement. The simplified statement of those reasons was to bring an end to Lumber IV and provide protection against Lumber V. Before dismissing the value of the current agreement, we should quickly recall the past 25 years, cases in 1981, 1984, 1991, and 2001, with two agreements in between.

The current agreement will bring an end to Lumber IV, and it contains provisions that neither the two previous agreements did, nor does ongoing litigation provide. It provides choices of the export measure. It provides for third-country adjustments to protect Canada from losing market share to foreign imports. It provides for the establishment of the North American softwood lumber committee and technical working groups. It provides for North American-focused and -funded market development and other meritorious initiatives. It has enhanced dispute settlement provisions; it recognizes Canadian regions, not just provinces or territories; and it is a seven-year agreement and provides for an additional two-year renewable agreement by both parties.

Yes, it does have a termination clause, which has been the reported objection of those opposed to the agreement and, since I've sat in from the beginning this morning, the subject of a great deal of discussion here. But you need to understand that it's Atlantic Canada that could and maybe should be most opposed to the termination clause, because history has demonstrated that when a softwood lumber agreement is terminated, as was the case in 1991 when Canada unilaterally terminated the MOU at the request of British Columbia, despite opposition from our region, the Atlantic exemption was also terminated. It threw this region back into litigation despite the absence of subsidy allegations against us.

We understand that during the negotiations for the current agreement the insertion of a termination clause was first proposed in early June, again by British Columbia, not by the United States. The proposal for a termination clause came from Canada; it did not come from the United States.

From an Atlantic perspective, we believe the focus should be on making the agreement work for the intended seven to nine years so that Canadian industry is well served by stability in the marketplace. In Atlantic Canada, our intention to make the agreement work is evidenced by the fact that we have already put in place the new requirements of the Maritime Lumber Bureau under the anti-circumvention provision, and we have enhanced the existing components of the certificate of origin program, which has been in place for more than 10 years and has served very effectively to prevent circumvention following the SLA and under the current litigation. We're not waiting for the agreement to be signed or to enter into force to implement the obligations that we have accepted.

Finally, and the third point, before discarding the value of the current agreement, we should consider what are the alternatives—an endless cycle of litigation, with appeal after appeal? We have been quoted numerous times: the only thing certain about litigation is that the outcome is uncertain. We have read numerous reports about Canadian wins under litigation, and many of the committee members have talked about just two more hurdles to get over, but few if any disclose that those wins were predominantly based on a single snapshot in time, the period of investigation.

● (1405)

The period of investigation in this current case was the period from April 1, 2000, to March 31, 2001, for the Department of Commerce dumping and subsidy calculations, and from 1999 through 2001 for the ITC material injury determination. You must understand that these were periods in which the 1996 to 2001 softwood lumber agreement was in full force, and a period of a relatively low Canadian dollar. A different period of investigation, particularly a period such as we have now, which we in the Maritimes refer to as a “perfect storm”, would produce different results. The three factors of a perfect storm include a high Canadian dollar, low lumber prices, and hundreds of millions in arguably new Canadian subsidies, none of which the Maritimes have participated in, but which were implemented to offset the impact of the softwood lumber dispute.

Prior Canadian wins in other cases related to whether or not stumpage can confer a subsidy. We heard this morning's testimony on the value of WTO determinations: the WTO is binding and it's international. The WTO ruled against Canada, ruled that stumpage can confer a subsidy. This is one of the litigation losses borne by Canada that has not been discussed frequently.

Now that Canada and the United States have initialled a legal text that reflects the framework of April 27, which was agreed to by stakeholders on both sides of the border, if implementing legislation is not proposed before Parliament or is tabled and fails, the alternative would almost certainly be new trade action—Lumber V.

This is a realistic potential outcome that should be carefully considered. In 1991, when Canada unilaterally terminated the MOU with only 30 days' notice, the U.S. government promptly self-initiated a trade action against Canada. We talk about what the coalition will do; history demonstrates that the U.S. government will take action.

In 1991, when Canada unilaterally terminated the MOU, the United States trade representative determined pursuant to section 304 of the Trade Act that certain Canadian government acts, policies, and practices were “unreasonable and burden or restrict U.S. commerce” and that “expeditious action” in the matter was required.

If there is no agreement and the United States does exactly as certain Canadian parties are requesting and implements the NAFTA wins that were in Canada's favour, it is more than possible, it is probable, that there will be another trade action—Lumber V—against Canadian shipments of softwood lumber. Considering the perfect storm components I've just outlined, it is a virtual certainty that the only stakeholders to prosper will be what we refer to as the “cottage industry” that has been created as a result of the ongoing dispute—and that cottage industry is the U.S. legal profession—provided there are any survivors in the softwood lumber industry in Canada to employ them.

I have not mentioned the impact on Canada-U.S. relations in a general sense, as I believe the impact of those relationships as a result of the decades-old dispute is self-evident, and you don't need any expanded dialogue from me.

In summary, Atlantic Canada supports this agreement. We are ready to enter into an agreement with the United States. We remain committed to market-based forest policies, which are at the root of the dispute, and we have been consistent with implementing the components that have earned us the reputation of being free and fair traders in softwood lumber.

We have been sideswiped for decades in this ongoing dispute. We would ask the support of our elected representatives for the implementation of an agreement that protects and recognizes the unique circumstances that prevail in Atlantic Canada and brings stability to the market in North America for softwood lumber.

Mr. Irving has the final concluding remarks.

The Chair: Mr. Irving.

Mr. Jim Irving (President, J. D. Irving, Limited): Ladies and gentlemen, I appreciate the opportunity to be here with you this afternoon. Diana has made our case for the Maritime Lumber Bureau, and I'm here with her in support, as a maritime lumber producer and someone who's been involved in this case for the last 25 years.

We've been investigated historically with no finding of allocation of subsidy. Also, we've had the U.S. government use us as a benchmark for subsidy allocation over the last number of years, and nothing's been found. We have repeatedly, for the last 25 years, spent millions of dollars on defending ourselves, repeatedly.

In this recent episode here, these last four years, as Diana has pointed out, it has cost the Atlantic Canadian industry some $90 million, probably $100 million by the time the bills are all added up, for losses from currency, from legal bills, from dollars left behind as our share of the anti-dumping penalty.

We want to be very clear on this. Diana has done a great job explaining the case, putting our position forward, but we'd urge you all, as elected officials representing this nation, to get this deal done. It will not happen unless the political leadership that got us to the July 1 deal perseveres and makes it happen. We can't emphasize that enough. We don't think that continued negotiation, protracted discussions by any group, will result in any further improvement.

There are a great number of things we don't like about the agreement. As Diana says, we've been sideswiped and our industry has been harmed by this action, but we're willing to leave that as it is as long as we can move forward with confidence. The cancellation clause is of concern to us because we've seen it cancelled in the past, throwing us into turmoil in a part of Canada that has no position to be in turmoil because we're not part of the fight. But we're Canadians and we're here to support getting the deal done, and done quickly.

Thank you very much.

● (1410)

The Chair: Thank you, Mr. Irving.

We'll go directly to questioning now, starting with the official opposition, Monsieur LeBlanc.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Thank you, Mr. Chairman.

To the witnesses, thank you for coming. Many of you have travelled considerable distances to be here today. These panel discussions are always interesting, because the five of you sitting there have, in many cases, different perspectives. If it were simple, I guess people would have found a solution to this problem, but we can learn a lot from your presentations, and I thank you.

I had three specific questions, Mr. Chairman. The first one would be perhaps to Ms. Blenkhorn or to Mr. Irving. They both have a considerable collective memory of this fight, which has lasted a quarter of a century.

At the end of her comments, Ms. Blenkhorn said that she supports the entering into of "an" agreement with the United States. I think on behalf of the maritime or Atlantic lumber industry, you're absolutely right to take that position. Asking you to speculate is difficult, but if in fact this agreement fails either because Parliament says no or because the required percentage of the industry does not agree to withdraw the litigation, for example, what provisions do you think the government needs to take to preserve the historic exemption of Atlantic Canada? In the exchange of letters in 1996, I believe, which led to what was known as the maritime accord, you in fact had a separate agreement that removed Atlantic Canada from many of the punitive trade actions. What do you think needs to be done, from the perspective of either your provincial governments or the Government of Canada, in the event that two months from now this agreement does not go ahead? That would be a question for the Maritime Lumber Bureau.

Frank Schiller said something interesting about his concern about circumvention, or his concern about a tracking system.

In previous appearances, Mr. Schiller, you have said that a certificate of origin program, like the one in fact used by the Maritime Lumber Bureau, may help many of your members ensure that in fact there is no circumvention or accidental reporting that can lead to further harm because inaccurate information is in fact presented. I'm wondering if you have some ideas of what could be specified in some of the administrative adjustments that Minister Emerson referred to this morning as still being possible?

Finally, Mr. Rutenberg, you mentioned the $500 million of Canadian deposits that is being left in the hands of the U.S. lumber coalition, which, in our view, was illegally collected. With the repeal of the Byrd Amendment upon the horizon, we find it rather ironic and unfortunate that the U.S. lumber coalition itself ends up with those dollars in their hands. If I understood your comments, you said that they could then initiate at some future point another trade action if in fact litigation has been so beneficial to the U.S. industry, as I think we can all agree it has been. Our concern is that, as Mr. Irving said, someone exercises the cancellation of the termination agreement and then puts everybody back behind the eight ball, but now they'll have $500 million *gracieuseté de l'industrie canadienne* to then turn around and harass further. That would be, in our view, a deplorable situation. I'd be curious to hear your comments on that.

Thank you, Mr. Chairman.

● (1415)

The Chair: Ms. Blenkhorn, perhaps you could start, please.

Mrs. Diana Blenkhorn: Thank you, Mr. LeBlanc.

You asked the question with regard to if the agreement didn't go past industry, or it didn't get through legislation, and I'd like to add to that—that is, if it achieves early termination. There's been lots of discussion about termination. Again, from my testimony, using the 1991 example of what happened to Atlantic Canada when, at the request of a single province, the agreement was terminated, we have already put in writing before government officials that we would seek protection—that if the agreement was terminated by either party before it reached at least the seven years, Atlantic Canada would not be thrown back into litigation, and that an exemption of whatever subsequent action would be prevailed at the onset.

With regard to the proposed agreement not being enacted either by industry voting it down or it not getting through Parliament, again, the precedent was set in 1996 when the Maritimes undertook obligations to ensure that the recognition of our circumstances was maintained and there was no circumvention through our borders. We undertook obligations with regard to maintaining forest policies, and that was codified in what we referred to as an exchange of letters. I can assure you that rather than spending any more money on legal fees in a case where there are no allegations against us, where we have been used as the benchmark in determining subsidies as litigation is going forward, if the Canadian industry and the Government of Canada see fit not to invoke this agreement, we will be seeking our own separate arrangement.

The Chair: Thank you, Ms. Blenkhorn.

Mr. Schiller, could you please answer the next question?

Mr. Francis Schiller: Absolutely. Thank you very much for the question.

We believe that recognition in the agreement for independent remanufacturers is a step in the right direction, but we believe that we have to go a step further and build on the maritime model.

The Maritimes have been very successful in outlining that proactively addressing issues can prevent long-term problems.

We believe that the maritime certificate of origin system is a model for producers outside the Maritimes who process remanufactured lumber. We'd like to work with the government in putting this tracking system in place now, as part of this agreement in Canada to assist us in preparing for the next lumber dispute, which is surely coming.

Thank you very much.

The Chair: Thank you, Mr. Schiller.

Mr. Rutenberg, could you please answer the last question?

Mr. Barry Rutenberg: Certainly.

When you have $500 million in cash going to the Coalition for Fair Lumber Imports, which represents about 53% of the American producers, it gives me lots of pause.

I remember surfing the web around the time of the agreement and reading one quote that was saying, yes, and we're going to use that to make sure the Canadians follow the letter of the agreement exactly. A couple of days later, somebody must have gotten on to it, because he said, well, that's not exactly what we meant. But I think they had it the first time.

Having interfaced with the USTR and the coalition—not speaking on behalf of my association, but from a personal viewpoint—I think that even if you have this agreement, it's only a matter of when you get Lumber V, unless there are better exit ramps produced in your 18-month period.

I think you've got $500 million that's going to go to the coalition, with which they can well build a war chest and say, hey, this was a really great deal last time. Don't you want to get in on it next time? I mean, there's an economic model that's now been proven.

The second thing I'm not sure of is what exactly the U.S. government is doing with the other $500 million. That's more of a rhetorical question, but it's not very clear to me.

The Chair: Thank you, Mr. Rutenberg.

Now we go to Mr. Crête for seven minutes.

[*Translation*]

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Mr. Chairman.

My question is for Ms. Blenkhorn or Mr. Irving. In my riding, several companies like Maibec are exempted because they harvest U. S. wood. Of course, this aspect of the agreement is interesting, but these businesses think that the agreement needs to be reworked because the possible denunciation period of the agreement has become so short that they will not cash the profit which would result from their exemption.

Can you explain to me the difference between the situation of those people and yours? In my riding, we feel the effects of the Maritime exemption: during a conflict, our lumber goes indirectly or otherwise to your area, which makes that there are less jobs in our area. This is the reason why we wanted the matter to be settled definitely.

● (1420)

[*English*]

The Chair: Ms. Blenkhorn or Mr. Irving, or both.

Mrs. Diana Blenkhorn: I don't know if I can comment on the timelines you asked for, but I can comment on a couple of components.

The exemption for the border mills was based on three factors: the volume of wood that came from the United States; the volume of wood that was purchased from the Maritimes, given the recognition of those unique circumstances; and the volume of wood from private lands in Quebec.

I don't pretend to be an expert, but as I see it, there is one difference in the management of the exemption, which is that, despite previous exemptions, no other area in Canada has invested in an anti-circumvention program as the Maritimes have been doing for 10 years. We have a database separate from Stats Can, and which we reconcile with the United States. We control those shipments rigorously. This control mechanism has formed part of the basis of that recognition.

When you talk about wood coming in from Quebec to the Maritimes and job losses, this agreement actually prevents that—at our request. It's part of the anti-circumvention mechanism, and if logs from Quebec come into the Maritimes for further processing, they are counted as to the origin of the logs, which would be Quebec. So this takes away any motivation for that to happen.

[*Translation*]

Mr. Paul Crête: In reality, it is when we declare the logs as coming from Quebec, but this is not always the case.

[*English*]

Mrs. Diana Blenkhorn: Actually, it is the case, because particularly in New Brunswick we have transportation surveys, which are a requirement of the Government of New Brunswick. Where logs originate from is reported. That's compared with our certificate of origin program. I would stake a reputation on that being controlled quite rigorously.

Mr. Jim Irving: As well, Diana, we've now just started this new program tracking all our production. We've had tracking of the shipments exported from the Maritimes for a great number of years, and now this year, because of this agreement you've put in place, we have tracking of production. So we should be able to balance the books very carefully.

Mrs. Diana Blenkhorn: I'll add to Mr. Irving's comment. I touched on this, saying we weren't waiting to implement our obligations. When the agreement was signed on April 27, we knew the end of the first quarter had been March 31. We knew our obligations were going to be to collect production data quarterly. So we have the first two quarters collected now. I can tell you when facilities import logs from Quebec.

[*Translation*]

Mr. Paul Crête: I have some difficulty to understand why you think that the three year cancellation clause—two years plus a one-year period—is satisfying. What cost does it represent for the industry in the Maritimes? What share of the $5 billion will me paid to you and what part will you lose?

[*English*]

Mr. Jim Irving: The total cost for the Maritimes that we've talked about is approximately $150 million, which is going to be duty paid. In that, we have currency loss. We'll be leaving behind about $33 million for Atlantic Canada that will be paid, our 20% of $150 million. On top of that, we will have our legal fees and our currency losses.

[*Translation*]

Mr. Paul Crête: Canada loses $1 billion in exchange for the three-year clause but the cost is minimal for the Maritimes.

● (1425)

[*English*]

Mr. Jim Irving: Yes, but we are sawing the smallest amount of lumber in Canada, so it's all proportionate. And we also have—but nobody wants to recognize this fact—the higher log costs in Canada. Make no mistake, ladies and gentlemen, we have very high timber costs because of the high percentage of wood that comes from private lands. Our wood does not all come from crown land. We have market-based stumpage, which has been the basis for examination with the U.S. government for some 25 years.

[*Translation*]

Mr. Paul Crête: Do you recognize that the three-year cancellation clause is much more acceptable for you than for the other provinces of Canada?

[*English*]

Mrs. Diana Blenkhorn: I'll answer that. You know there is something that is going to level the playing field. You can pay it to the United States in the form of the tariff—CVD, anti-dumping—and in this case, get back 80% of it; you can pay it to Canada in an export tax, which is what the agreement is; or you can do as the Maritimes have done and pay it to your provinces or the private landowners in elevated costs that would keep you out of the case. But either way, you're paying it.

It's not a small percentage of the billion dollars to us. We just paid it to our provinces and to our private landowners, made that choice to stay out of the dispute, and it happens to support other programs, like hospital beds and education.

The Chair: Thank you, Monsieur Crête. Your time is up.

We'll go now to the government side, to Mr. Casey, for seven minutes.

Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC): Thank you very much, and thank you all for coming.

I was first elected 18 years ago. The first issue I was faced with was the softwood lumber issue, and leading the charge was a young lady by the name of Diana Blenkhorn, who's still leading the charge very successfully. I want to congratulate her on that.

I also want to congratulate Francis Schiller on behalf of the remanners. I think 10 years ago none of us knew what the word "remanners" meant, unless it was a remanufactured carburetor for a car or something. He has successfully educated us all so that now we actually have remanners acknowledged in the agreement, even if it isn't exactly everything he wants. But I think it's a tremendous accomplishment and it's a model for how things should work.

Interestingly, the very first question today was by my distinguished neighbour, the member for Beausejour. In his question he complimented Minister Emerson on how good this program was for Atlantic Canada, and then he asked, if it failed to go through the legislature, would he find a way to replace it with something else and would he start the thing all over again? That's not exactly what he said, but more or less.

So from a maritime lumber point of view, Ms. Blenkhorn, would it not be simpler to pass this agreement and get it in place rather than go back to the drawing board and start all over again?

Mrs. Diana Blenkhorn: The answer to that is very obvious from the degree of our support. We support it, we support it completely, and we urge others and all of our elected representatives in Atlantic Canada to support it.

Mr. Bill Casey: Thank you.

I'm confused on the period of investigation. Could you explain the period of investigation part of your presentation?

Mrs. Diana Blenkhorn: When you have a legal determination—the wins that we're talking about—those wins are based on information that's put on the record for a specific period. As you know, we were under managed trade between Canada and the United States between 1996 and 2001. When we decided not to extend the softwood lumber agreement, the United States immediately responded by launching the petition for both countervailing duty and anti-dumping.

The period that was used for investigation for countervailing duty and anti-dumping was April 1, 2000, to March 31, 2001, which was a period under managed trade. The period the Court of International Trade, the CIT, used in determining whether there was injury or threat of injury, which is the other big win we talk about, was 1999 to 2001, again a period where the softwood lumber agreement was in full force and we were under managed trade. As I said earlier, it was also a period of a high Canadian dollar.

When you're under a trade agreement or managed trade, it shouldn't be a surprise to anyone that they couldn't determine "injury" and only "threat of injury", because if there were injury under a managed trade agreement, it would be evidence the agreement was not working.

● (1430)

Mr. Bill Casey: I'd like you to paint us a picture. What will happen if this agreement doesn't get through Parliament? What do you think the American industry will do with Lumber V?

Mrs. Diana Blenkhorn: I don't think you need to wait for the American industry. As I said earlier, I think the United States government will take action that they have available to them through their Trade Act of, I believe, 1974. You will see a section 301 or a section 601 action, or other components thereof, and it will be punitive against Canada.

Mr. Bill Casey: If they do, will it take a long time?

Mrs. Diana Blenkhorn: This is 2006. We're in the 2001 case. With the appeals coming forward, we're looking at decisions between 2007 and 2009. If you start again, we're going to be through the Olympics and looking forward to the next ones before it gets resolved.

Mr. Bill Casey: So we might still be at this another 18 years.

Mr. Jim Irving: I think the other thing is what Diana pointed out about the perfect storm. With the current situation, right today—falling housing starts in the U.S., a very high Canadian dollar, subsidies being taken by all parts of Canada except Atlantic Canada in the last 18 or 24 months—I think there are serious problems for the whole country on that one.

Mr. Bill Casey: Do you think the recent subsidies are in the gunsights now of the U.S.?

Mr. Jim Irving: I'm sure the coalition is wide awake. They're not slow. They follow everything that's going on, and I'm sure they're very knowledgeable on the subject.

Mr. Bill Casey: I have one question for Mr. Schiller.

We talk about a first-mill basis in the agreement—remanufactured softwood lumber—with the export charge on exports of remanufactured softwood lumber from the remanufacturer calculated on the first-mill basis. What does that mean?

Mr. Francis Schiller: Currently, the way the duties have been charged, it's at the entry value. If a remanufacturer produces a piece of 2x4 and it's a $15 product by the time it gets to the border, they're taxed on that full $15, whereas a first mill would be taxed at the price at which they bought the sawn lumber from the primary processor—let's say it was a $10 price—and they will not be taxed on the value added. Although it's not perfect, this is very significant, because it will help these remanufacturers begin re-exporting again. It will be a step towards a level playing field.

Mr. Bill Casey: That ten-dollar 2x4 is an expensive 2x4.

Mr. Francis Schiller: Indeed, yes.

Mr. Bill Casey: So they currently charge based on the finished product, even though the raw product may be only a couple of dollars.

Mr. Francis Schiller: That's absolutely right. If you look at the distorting results of this dispute on the independent remanufacturers, particularly in eastern Canada—and you see it in their export volumes—they are precisely because of the entry value tax. Effectively, they've been priced out of the U.S. market, and their export levels reflect that today. That's why we've lost between 64% and 80% of our total exports.

Mr. Bill Casey: I see that the Canada Revenue Agency is going to monitor this. Does that scare you?

Mr. Francis Schiller: No. Again, we believe that's a step in the right direction in that it's being administered by a body that is a tax collecting agent. It's one thing to cheat, and it's another thing to cheat the tax man. So we welcome that. We think a critical step towards ensuring the long-term viability of this is to make sure that circumvention is rooted out.

Again, to go to the maritime model, why they serve as such a great example is because they have aggressively pursued that. They haven't waited for government to bring their solutions; they've brought their own. This is relevant to a question Mr. Crête asked a few moments ago. In Quebec, for example, there are remanufacturers who process Maritimes-sourced wood, and that's generating employment in Quebec.

One of the other by-products of this agreement that are positive is that for the first time the certificate of origin will be recognized for maritime wood processed outside of the Maritimes. That's very important for my members in Quebec and Ontario who process a lot of wood. It's also confirmation that we can work effectively under the certificate of origin program.

These are steps. We didn't get everything we wanted, but we believe the embryo is here to take a step towards getting another group of Canadian producers out. Again, it's not perfect, but the reality is that we can't afford the status quo. If this deal doesn't go through, Canada's going to lose its independent remanufacturers. That's not an overstatement; that's happening right now. We've seen significant losses in Manitoba. Some of the largest operations in Alberta are in trouble. The guys in Ontario are in trouble, and the same thing is happening in Quebec.

We want to see a deal. We're hoping we can work with the government in fine-tuning some of the operational issues.

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

Now to the NDP, Mr. Julian, for seven minutes.

● (1435)

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

Thanks to all presenters.

I'd like to start with Mr. Cameron. Thank you very much for your presentation. It was excellent.

At one point in your presentation you referred to the different tax levels, the different quotas. We don't have a copy of that, so I'd appreciate it if you could come back to the issue of the various levels that are imposed and the complexity of this agreement.

Further to that, could you comment on the question of the lack of commercial viability of this deal, which many people have raised, that we have retroactive attribution of an export tax so that people who are shipping softwood don't actually know what they're going to get until well after the fact?

Mr. Russ Cameron: I don't remember all the permutations and combinations, but basically, the variables are the random length index, where it is, and levels of shipments being above or below the 110. What those variables are will determine the tax level or the quota level and whether there's any add-on penalty. The bottom line is that the tax can be 2.5%, 3%, 5%, 10%, 15%, 22.5% or 0%. I missed 7.5%, which is in there too.

Mr. Peter Julian: How many variations are there?

Mr. Russ Cameron: Well, there are eight possible tax rates, depending upon the random length index and whether you're above or below the 110. Three of those are involved in the quota, that being the 2.5%, the 3%, and the 5%. On the quota, it can either be 34, 32, or 30. I guess there are actually four, because if you're over $355, there wouldn't be one. Oh, and the quota can be applied regionally, so that the quota applies to the entire region. You add up all the shipments, and once that region exceeds the shipments, then the border closes and you can't put your product in, no matter how much you are willing to pay. Under the last softwood lumber agreement, you could pay $50 and get in another 2.5%, or you could pay $100 and put in as much as you want. This is a hard cap.

The other possible way the quota could be administered is if it was individually allocated to companies. The agreement itself doesn't specify that, so I assume that would be up to the individual provinces or regions. But if it was given out to individual companies.... As we heard from the Government of Saskatchewan, they were disadvantaged for some reason. Their shipments were not up during the period that would be used to allocate it.

As we've just discussed, we've been subject to this *ad valorem* duty, where we've essentially been paying duty on our heat, light, taxes, and every other type of thing. We were already reduced from the prior softwood lumber agreement. So our shipments are down about 15% to 30%.

The period of time under which we'd be allocated quota.... It would basically institutionalize at probably a lower level...well, definitely now, because we would be 30/34ths of what we'd normally get. We wouldn't be able to operate at the levels at which we're currently operating, and obviously there would be no entrants or growth. We'd have to split our fixed costs over fewer units. The guys judge that they can't do it based on the quota they have.

Mr. Peter Julian: So you don't believe this is commercially viable at all—

Mr. Russ Cameron: No.

Mr. Peter Julian: —and as a result, we would see an impact on independent remanufacturers.

Mr. Russ Cameron: Yes, absolutely, for sure. We wish we were making 15% or 22.5% on the product so we could give it to the government, but we're not. Even under the $500 cap, we just don't have $75 to hand to the government, or $112.50 if we were under the retroactive penalty. We can't price our products. We cannot operate the plants at the level that would be permitted under the option B quota thing. It's judged by our members to be something they cannot stay in business with under any long period of time. If there was a clearer exit ramp, such as in our prior attempts to get an agreement, where we were discussing what the interim measures of border tax and quota would be while we took steps towards the exit ramp, they might be able to survive for a while, as we're kind of doing now. But this institutionalizes the interim measures and it just doesn't allow us to carry on business.

● (1440)

Mr. Peter Julian: Thank you very much.

I have other questions for Mr. Rutenberg. You were very eloquent on the fact that we have these two hurdles to go over in litigation to win both on the ECC with the subsidy, which is non-appealable, as we know, and the Tembec case and injury that we won on July 21, which is subject to only one appeal, the U.S. Court of Appeals for the Federal Circuit.

I'd like you to comment on what we lose if we push forward with this proposed deal, both in terms of the $500 million that goes to the American softwood industry to attack the Canadian softwood industry again, with the impact on American home builders, and the fact that we lose all those four years of litigation, which makes absolutely no sense, to lose that four-year investment when we have only 12 months to go.

If we have time, I'd like Ms. Blenkhorn to specifically respond on the issue around the maritime exclusions, the one thing the government didn't give away, the exclusions based on companies not having shipments going above 2004-05 levels. Is that what you requested of the government, to cap it at 2004-05 levels?

Secondly, you mentioned ongoing litigation, a little like Mr. Emerson, but Mr. Emerson, when pressed this morning, was not able to give any sense of any appeals on the non-appealable ECC judgment and the non-appealable Court of Appeals for the Federal Circuit.

It's just to blow up this myth about ongoing litigation when we know very well there are only two hurdles to go.

But I'll start with Mr. Rutenberg.

The Chair: Mr. Rutenberg, as short an answer as you can, please.

Mr. Barry Rutenberg: If you believe in “happily ever after”, then I think we're okay, but there's kind of like the optimistic and pessimistic scenarios. The optimistic scenario is that we have nine years of peace and we have steady prices. I think the U.S. builders assume that we're going to pay a higher per unit price for that, and therefore we're still going to have to look for some alternative materials to fill the gap and for our own economics. I think the negative one is that at 23 months somebody kicks out and says, you know, we don't have a deal anymore, that there's some kind of problem.

You now have the U.S. industry, which has gotten an extra $500 million cash infusion, and I don't know if they've set it aside or not, but they can come back and try to recruit people based upon that economic model and you have to start over on your case history.

We have one additional problem, which is that we have credibility. The home builders have been in our Congress for some number of years saying this really isn't fair and trying to argue for free trade. It gives us a little bit of a credibility problem going forward. It erodes that as well.

Is that short enough?

The Chair: Thank you very much.

Ms. Blenkhorn, please.

Mrs. Diana Blenkhorn: Mr. Julian, I'm not aware of any cap for Atlantic Canada either in article X, which provides our exemption from the previous articles. It doesn't talk about a cap. Then when you get to anti-circumvention, it talks about 100% of our production, and anything that exceeds our production will be at a penalty of $200. The answer to your question is yes, that is exactly what we asked for.

Mr. Peter Julian: For 2004-05?

Mrs. Diana Blenkhorn: Not for 2004-05. There is no cap in here.

Mr. Peter Julian: No, but is the 2004-05 reference specifically what you asked the government for, or did you ask for an average that was broader than that?

Mrs. Diana Blenkhorn: Can you quote to me where you're reading the 2004-05 reference?

Mr. Peter Julian: That's from article X, the average monthly production volume established.

Mrs. Diana Blenkhorn: That's not applying to the Maritimes. This is subparagraph 17(a), in (i) and (ii).

The Chair: We will have to leave it at that. Thank you both.

Thank you all very much. I think you've given us a lot of information in a short time, and we all very much appreciate that. Thank you to the members of Parliament for their questions.

This meeting will be adjourned. The next meeting will start in three minutes.

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