



fccq | Fédération des chambres
de commerce du Québec



ontario
chamber of
commerce

Montréal, March 3rd, 2017

The Right Honorable Justin Trudeau
Prime Minister of Canada
House of Commons
Ottawa, Ontario
Canada K1A 0A6

Dear Prime Minister,

The Fédération des chambres de commerce du Québec (FCCQ) and the Ontario Chamber of Commerce (OCC) strive to support the development of companies situated in their respective jurisdictions. Today, they are joining their voices to advocate for the interests of Canada's forest industry, which is concerned about new, protectionist measures in a Canada-US softwood lumber dispute. This dispute could be lengthy, and it jeopardizes the competitiveness of many businesses. The federal government must intervene in this dispute, and that is why we are calling on you to implement a loan guarantee program for companies affected by the dispute to protect the future of our forest industry and ensure continued economic development in Québec and Ontario.

The US lumber industry very recently took new legal action against Canadian producers in which it alleges that they receive public subsidies, contrary to trade agreements. Compensatory and anti-dumping duties could therefore be levied by the American government during the dispute. In concrete terms, Canadian companies that export softwood lumber could be required to pay a tax to be able to sell their products in the United States. Since the US represents by far the main export market for softwood lumber harvested in Québec and Ontario, the financial situation of many companies forced to pay such tariffs could be jeopardized.

This industry must be supported and given free access to the American market. In addition to being innovative and resolutely focussed on sustainable development, the forest industry in Québec and Ontario supports more than 100,000 direct jobs. Also, both Québec and Ontario make positive contributions to Canada's trade balance, with a share of 30% of the nation's forest product exports. More specifically, data obtained from the section titled "Competitiveness in the Québec Forest Industry" that accompanied the 2016–2017 provincial budget indicate that Québec's forest industry has total exports of approximately \$9 billion, mainly to the United States. The Ontario government estimates the value of that province's forest product exports at more than \$5 billion.

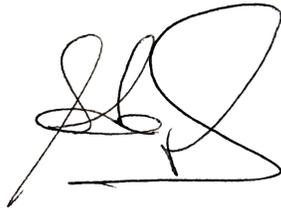
The forest industry represents an important economic lever for Québec and Ontario, but it is facing an uncertain future. The number of direct jobs sustained by this industry has been decreasing since the last lumber dispute (2001–2006), both in Québec and Ontario. Even more jobs were lost during the 2008–2009 economic crisis. Forestry companies, which were set to benefit from a favourable business climate in the coming years, are now once again faced with a precarious and uncertain situation given the present dispute.

The implementation of a loan guarantee program would contribute to mitigating the impacts of this new chapter in the lumber dispute by enabling Canadian exporters to pay the imposed tariffs and continue to sell their products on the US market. Moreover, a legal opinion was issued to the legal experts of the Québec Forest Industry Council (QFIC) stipulating that such a program would not affect the course of the dispute.

The United States has repeatedly accused Canada of subsidizing its softwood lumber industry, and, each time, international courts have sided with Canada. The outcome of this new dispute is predictable, but Canada's forest industry nevertheless faces an uncertain future.

For all these reasons, the FCCQ and the OCC ask that the federal government take all possible measures to win this new legal battle and help forestry companies get through the dispute with a minimum of detrimental consequences. In our opinion, it is imperative that a loan guarantee program be included in the upcoming federal budget to protect thousands of jobs and the vitality of Canada's forest industry—a cornerstone of our economy. We are happy to collaborate to further discuss the impacts that this trade dispute could have on the Canadian economy.

Regards,

A handwritten signature in black ink, appearing to read 'Stéphane Forget', with a stylized flourish at the end.

Stéphane Forget
Chief Executive Officer
Fédération des chambres de commerce du Québec

A handwritten signature in black ink, appearing to read 'Allan O'Dette', with a stylized flourish at the end.

Allan O'Dette
President and CEO
Ontario Chamber of Commerce

C.C. :

M. Philippe Couillard, Prime minister of Québec

Honorable Kathleen O. Wynne, Premier of Ontario

M. Luc Blanchette, Ministre de la Forêt, de la Faune et des Parcs, Québec

Mme Dominique Anglade, Ministre de l'Économie, de la Science et de l'Innovation et ministre responsable de la Stratégie numérique, Québec

Hon. Kathryn McGarry, Ontario Minister of Natural Resources and Forestry

Hon. Brad Duguid, Ontario Minister of Economic Development and Growth

Hon. Michael Chan., Ontario Minister of International Trade