

**BC Lumber Trade Council's Presentation  
to the House of Commons Standing Committee on International Trade**

Tuesday, May 3, 2016  
Ottawa, Ontario

**Susan Yurkovich, President, BC Lumber Trade Council (BCLTC)  
Presented with Duncan Davies, President and Interfor and co-Chair of the BCLTC**

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Good morning. My name is Susan Yurkovich, and I'm pleased to be here today on behalf of the B.C. Lumber Trade Council, along with Duncan Davies, co-chair of the BC Lumber Trade Council.

The BC Lumber Trade Council was established to advocate for the B.C. forest sector on trade-related matters, but our organization, as you'll see from today, works collaboratively with provincial associations and lumber companies across the country as a member of the Canadian Lumber Trade Alliance.

We appreciate the interest of the International Trade Committee in softwood lumber agreement. It is an issue that's critically important to B.C., to the other forest product producing regions across the country, and to the interests of all Canadians.

I'd like to start this morning with just a bit about B.C.'s forest industry.

Forestry matters in British Columbia. It continues to be one of the key drivers of our provincial economy, contributing about \$12 billion annually to the provincial GDP. Taxes, stumpage and fees from our industry also provide annual revenues of about \$2.5 billion, and those revenues, of course, go to help pay for critical citizen services like health and education.

The industry is one of the largest employers in the province with about 145,000 people, from Fort St. John to Vancouver, deriving their living either directly or indirectly from the sector. That's about one out of every 16 jobs in our province. Many of those people are employed in the 300 wood-products manufacturing facilities located throughout the province, but they also work in forest management, in research and innovation, and in silviculture.

We are very proud of the fact that the fibre flowing to our manufacturing facilities comes from sustainably managed forests. At 52 million hectares, B.C. has more forested land under independent environmental certification than any other country in the world. This fibre is used to create high-quality forest products that are shipped to markets around the globe. In 2014, the last year for which we have complete data, our forest-product exports from British Columbia totalled about \$12.4 billion, about half of that coming from softwood lumber. So B.C. is by far the largest producer of softwood lumber in the country, and we are the largest shipper of softwood to the U.S. market.

In recent years, we have worked hard to successfully diversify our export markets and reduce our reliance on the U.S. market. Through a partnership between Natural Resources Canada, the province of British Columbia, and industry, this effort has produced results.

BC's lumber shipments to China have increased from around 300 million board feet in 2005 to over 2.5 billion board feet in 2014. We're marketing our products throughout Asia, and we're starting to explore India as well.

In spite of this effort, the U.S., which is a natural market given its proximity and its culture of building with wood, remains our largest market for softwood lumber. B.C. accounts for half of the volume shipped to the U.S. from Canada, which is why maintaining predictable access to the U.S. market place is critical for the future health of our industry.

Canada and the U.S. have had a long history of disputes over softwood lumber. They stem from claims from U.S. producers that our industry is subsidized largely because of a difference in ownership that exists between the lands in our two countries.

In the U.S., the majority of timber lands are privately owned, whereas in Canada timber lands are generally owned by the provincial governments. U.S. interests have alleged that because timber lands in Canada are owned by the crown, they are subsidized. This is not the case. However, these kinds of allegations have resulted in decades of the U.S. implementing protectionist measures over their market place.

In a perfect world, we would have free trade in softwood lumber between our two countries. But the fact of the matter is, in the last 35 years, free trade in softwood has only existed for about two of those years. During this period, there have been four countervailing duty and anti-dumping trade cases, and three managed-trade agreements, the last of which expired last October.

Today, we find ourselves in a stand-still period that prevents the U.S. from launching trade action until October of this year. This gives us just a few short months to see if a new agreement that works for both Canada and the U.S. can be reached.

Some in the country may not support this effort preferring to let the litigation process proceed, or simply wishing that free trade was achievable, when in reality it is not.

We in B.C. believe that it is imperative to work hard to see if a new agreement is possible in order to avoid the uncertainty that ongoing litigation creates along with the disruption it causes for producers and consumers on both sides of the border. The time to do that work is now.

Finding a resolution to the dispute will not be easy. We know that Minister Freeland and her officials are working hard to engage with their U.S. counterparts, and Premier Clark has made this a top priority issue for B.C. But it will take leadership and goodwill in Washington as well as Ottawa, and in boardrooms of industry across both nations to find a lasting resolution to this dispute.

Our hope is that with a concerted effort from both sides we will be able to reach agreement. But, if that's not possible, we are also prepared to work closely with the Government of Canada and industry across the country to rigorously defend our forest practices and policies against any trade litigation that the U.S. may launch.

Canada and the U.S. enjoy the world's largest trading relationship. This relationship should not be fettered by an ongoing dispute over softwood lumber. Finding a resolution must be a national priority to ensure that the forest sector in B.C. and across this country can continue to contribute to the national economy and to the economies of hundreds of communities across our nation.

Thank you. I look forward to your questions.