

[*Translation*]

Mr. Guy Saint-Julien (Abitibi): Mr. Speaker, the region of Abitibi-Témiscamingue—

Some hon. members: Hear, hear.

Mr. Saint-Julien: I appreciate the applause from my friends, the Canadian foresters.

Mr. Speaker, the region of Abitibi-Témiscamingue is one of the largest forest areas of Quebec and Canada. Following the shameful decision taken by the Americans against the Canadian forest industry workers, I would like, for all economic stakeholders and workers of my region, to explain how the American forestry management system works.

Quebecers know very well how the system works in their province, but many do not know how the American system. The Canadian and American forestry management systems may differ, but they aim at the same thing: make money with public forests; encourage a stable and non-speculative development of forestry resources and investments in infrastructures; and elaborate viable and environmentally rational practices which preserve a multiform use of forests for future generations. Both systems try to achieve all this. However, the Canadian system has avoided many of the problems which its American counterpart ran into.

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Canada provides for the needs of the United States. In the last 40 years, the United States have used more lumber than they have produced. The American forests simply cannot supply the current and future domestic needs. The homebuilders and other American users of lumber products are considering Canada as a second source of supply. Canada has maintained for a long time its share of the American market, and succeeded in keeping it quite steady, since the United States have to import softwood lumber. Its share has been around 30 per cent for 10 years.

Mr. Speaker, the American revenues from softwood lumber sales do not exceed costs. The revenues from the sale of lumber coming from most national American forests are lower than the management cost of each of these forests. A study commissioned by a sub-committee of the House of Representatives concluded that \$5.6 billion U.S. had been wasted in the last 10 years by the

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American Forest Service as part of the wood selling program, mostly because of its expensive and heavy bureaucracy.

The study also concluded that according to the Forest Service's accounting system, only 18 out of the 120 public forests have covered their expenses in 1990. As for the 102 remaining forests, the American government actually lost over \$365 millions U.S.

With the American system, it is hard to control the respect of environmental standards. The American government transferred long ago most public forest lands to private companies. As most of these lands are no longer supervised by the American government, it is much more difficult to enforce environmental regulations in the U.S.

The American system invites over-development because the system is based on short-term stumpage contracts. Companies have less incentive to delay harvesting or to manage their cutting program in such a way that the following cuts require less effort and less cost.

In the U.S., the bidding system furthers speculation and instability. In the short term, their cutting system lends itself to speculation cycles. At the end of the 1970, American forest companies started a war of speculative bidding to obtain cutting rights on public lands, which pushed up their price well above their approximate value. In 1984, the U.S. Congress had to buy back \$2.8 billion worth of these purchase contracts at a net cost exceeding U.S. \$400 million to the taxpayer.

Under the American countervail legislation, the total amount of \$2.8 billion would be considered a subsidy. The U.S. government assumes a higher share of the forest management and development costs. The U.S. government pays for most of the regeneration cost of its national forests. It also pays for most of the access roads, which is a major cost as this 360,000 mile system are nearly eight times the length of the interstate highway system and would go 14 times around the world. In 1989, the U.S. spent \$97 million on access roads.

In summary, softwood lumber imports from Canada have not hurt the American industry, and nothing substantiates the allegations concerning Canadian subsidies. Every year since 1988, on average the American softwood industry has been performing better than other industries in the construction sector.