



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Natural Resources

EVIDENCE

NUMBER 065

Tuesday, May 30, 2023

Chair: Mr. John Aldag



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• (1615)

[English]

The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)): Good afternoon, everyone. I call this meeting to order.

Welcome to meeting number 65 of the House of Commons Standing Committee on Natural Resources. Pursuant to Standing Order 108(2), the committee is meeting on the Canadian pulp and paper industry study.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person or remotely using the Zoom application.

I'd like to take this opportunity to remind all participants that taking screenshots or photos of your screen is not permitted now that we're in session. Today's proceedings will be webcast and made available via the House of Commons website.

I'd like to take a few minutes, for the benefit of witnesses and members, to go through a couple of things, and then I'll go to Mr. Angus.

Please wait until I recognize you by name before speaking. Mr. Chahal is the only one online.

You know the rules, so I won't go into all of those details.

Members, I'd encourage you to allow sufficient time for witnesses to respond to your questions. I remind everyone that all comments should be addressed through the chair.

I'd also like to welcome Gary Vidal, Randy Hoback, Elizabeth May and Jaime Battiste as special guests to our panel today. Welcome to these members.

Before we go to our representatives from Paper Excellence for their opening statement, Mr. Angus has a point so we'll go to him briefly on that.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you so much, Chair.

I don't want to take much time out, because I know we're running late and we want to hear from our witnesses, but I do want to make the committee aware that I will be bringing forward a motion. I'm going to read it into the record, but I'm not here to debate it today. The motion is:

That, given the fact that the parliamentary committee on Natural Resources has a mandate to examine issues of natural resource policy on behalf of the Canadian people; and given the fact that the committee is attempting to get answers regarding the ownership structure of Paper Excellence that is now reported to be

holding 22 million hectares of Canadian forests; and given public reports that this company [has relations with] Asia Pulp and Paper as part of the holdings of the giant Indonesian company Sinar Mas; and that given the outstanding concerns about connections to China based banks and industrial operations, that pursuant to Standing Order 108(1)(a) the committee issue a summons for Jackson Wijaya, of Paper Excellence, to appear at a date and time to be determined by the Chair, but no later than June 20, 2023.

The Chair: Thank you, Mr. Angus.

We have discussed previously that our jurisdiction doesn't extend beyond Canada, so we can debate that or discuss it when the motion is brought forward.

We're going to move now to our representatives from Paper Excellence.

Thank you for being here again. First of all I'd like to offer a most sincere apology. You had shown up and we were unfortunately cancelled with about five minutes' notice before we started last time, so I truly appreciate your making yourselves available once again to appear before this committee. Your presence is truly appreciated.

I am going to turn right now to Mr. Williams.

I have a clock here. I'll give you five minutes to start. For the members, I use a quick warning system. I give a yellow flag when there are 30 seconds left on the clock. Red means your time's up. Don't stop mid-sentence, but wind up your thoughts and then we'll move on. We'll do this during the rounds of questions as well.

With that, Mr. Williams, the floor is yours. You have five minutes.

Mr. John Williams (Non Executive Chairman of the Board, Paper Excellence Group, Paper Excellence): Good afternoon, Mr. Chairman and members of the natural resources committee. Thank you for the opportunity to appear before you today.

I want to begin by respectfully acknowledging that we're on the traditional territory of the Anishinabe Algonquin nation.

We're honoured to be here to speak with you about the important work that Paper Excellence Group is doing in Canada and about the future of growth and opportunity for Paper Excellence, the Canadian pulp and paper industry and the Canadian economy.

My name is John Williams, I am the non-executive chairman of the Paper Excellence Group. I'm also the president and CEO of Domtar, where I have held that position since January 2009.

I am joined today by my Paper Excellence Group colleagues. With me are Stew Gibson, chief operating officer for Paper Excellence Canada; Jean-François Guillot, chief operating officer at Fibre Excellence; and Lana Wilhelm, director of community and indigenous relations for Paper Excellence Canada. Together, we are the executives and key members of the team that leads Paper Excellence and oversees its operations in the Canadian market.

Mr. Chairman, we have tabled with the committee a letter from our founder and sole shareholder of Paper Excellence, Jackson Wijaya, with sincere apologies for being unable to appear before the committee due to extensive global business commitments. However, he has asked that the senior leadership team be here in his place to address and respond to the issues and questions raised by the committee.

With that, I'll hand it over to Stew Gibson.

Mr. Stew Gibson (Chief Operating Officer, Paper Excellence): Thank you, John.

Here in Canada, following Paper Excellence's acquisition of Domtar and Resolute Forest Products, deep companies with deep history in Canada, our 29 mills and operations provide direct employment for over 9,000 Canadians and support an additional 40,000 jobs in communities, many rural, across our country.

Both acquisitions underwent the customary yet rigorous review process by the appropriate regulatory authorities here in Canada. Moreover, at the request of the Minister of Innovation, Science and Economic Development, Paper Excellence communicated its commitment to Canada both in terms of employment and investment in Canada. Paper Excellence has honoured and will continue to honour those commitments.

With that, I'll turn it over to my colleague, Jean-François.

[Translation]

Mr. Jean-François Guillot (Chief Operating Officer, Fibre Excellence, Northern Pulp Nova Scotia, Prince Albert Pulp Inc., Paper Excellence): Thank you, Mr. Gibson.

In addition to job creation, Paper Excellence is deeply committed to responsible environmental stewardship. To that end, we are constantly exploring new ways to achieve global climate targets, reduce our carbon footprint, minimize waste, and promote responsible resource management. We are constantly investing in new technologies and best practices to ensure that our operations are sustainable for generations to come.

Our commitment to the environment is not strictly limited to meeting our legal obligations. We want to continue building a sustainable business that is resilient in the face of the climate challenges we all face. We believe that our commitment to responsible environmental management will benefit not only our company, but also the communities in which we operate.

I will now give the floor to Ms. Wilhelm, manager of indigenous relations.

• (1620)

Ms. Lana Wilhelm (Manager, Community and Indigenous Relations, Paper Excellence): Thank you, Mr. Guillot.

[English]

Paper Excellence is committed to the long-term journey of reconciliation and building mutually beneficial relationships with indigenous communities in all our operations across Canada.

With some of our mill acquisitions, we inherited a legacy of broken trust and promises with indigenous communities; however, we want to reiterate our willingness to resolve these issues and coexist harmoniously with indigenous communities everywhere we operate.

We're proud of our foundational work under the guidance of over 50 indigenous communities across the country, anchored in our actions, including community investment, business partnerships and stewardship of resources.

Mr. John Williams: In closing, Mr. Chairman, we're proud to contribute to the growth and prosperity of Canada. As a company, we're committed to building a sustainable business that benefits all Canadians, and we believe that, by working together, we can create a brighter future for generations to come.

Thank you. We look forward to questions.

The Chair: That's perfect. You're well within your allotted time there. Thank you for that.

Just before we start, in light of this being a study on the Canadian pulp and paper industry, I want to send a quick thank you to all of the men and women who are fighting forest fires right now in Canada. We know that this is an early and unseasonably extreme season, and we need healthy and viable forests to support the industry. On behalf of the natural resources committee, I want to give a shout-out to all of the men and women who are fighting the fires and saving property, lives and much needed natural resources.

With that, we're going to get right into our rounds of questions.

The first round is six minutes for each member. For the Conservatives, we'll start off with Mr. Vidal.

You now have six minutes.

Mr. Gary Vidal (Desnethé—Mississippi—Churchill River, CPC): Thank you, Mr. Chair.

I want to thank our guests for being here today. I want to thank you for coming back a second time after the unfortunate circumstances of a couple of weeks ago.

I'm going to get right into this.

There have been a lot of media reports and discussion that suggest close ties between your company here in Canada and APP and Sinar Mas in Indonesia. These reports utilize all kinds of information, whether it be leaked emails, historical letterheads or corporate directory records. All kinds of information is being used to support those claims.

I would like to give you an opportunity to clarify for the committee what the actual relationship is between Paper Excellence's Canadian operations and APP and Sinar Mas.

Mr. Jean-François Guillot: Mr. Chair, I'll take that question.

There's no relation between APP and Sinar Mas and Paper Excellence. At the beginning, we recognized that, when Jackson Wijaya built the company, he used some or just a bit of resources to build his company. Since that time, we haven't had any interaction with APP. Some of the facts are clear, but some of the rumours that we can read back and forth in the papers are, I'll say, different from the facts.

I'll switch into French now for an example.

[*Translation*]

The emails that people are referring to are recent—from 2018 and 2019. They were exchanged between Fibre Excellence, which is the French company of which I am president, and Asia Pulp and Paper, or APP. The purpose of the emails was to determine whether APP was interested in purchasing a new product that we had to bring to market. I repeat, these are emails between a customer and a supplier, and they did not aim to control prices and volumes.

[*English*]

Mr. Gary Vidal: Thank you for that.

Ms. Wilhelm, you talked a little bit about the work you're doing in indigenous communities and that relationship. Where I come from, that's very important. As I think some of you know, I come from the little city of Meadow Lake, and that's actually where your first mill in Canada was purchased several years ago.

I was an accountant in that community for 35 years and the mayor for almost 10 years, and I think I have a pretty good grasp of the impact that your mill has had in a small community like that in a fairly remote northern Saskatchewan community. The impact of jobs, both direct and indirect, and the supporting businesses is very significant. I saw it in both my roles, as an accountant and mayor, like I said.

In the city of Meadow Lake, we also have a very close partnership with Flying Dust First Nation and the Meadow Lake Tribal Council. We're literally neighbours, as you know, across the street from each other. I'm also very aware of the impact that the mill has had on the surrounding first nation communities, especially through the Meadow Lake Tribal Council. Saskatchewan has the highest indigenous participation in the forestry sector in Canada at 27%. I'm sure you're well aware of that. Indigenous partnerships in the forest industry are not only beneficial to the communities and the people, but they allow for the voices of indigenous people to be part of the management of the resource in those areas, and I think that is significant as well.

Ms. Wilhelm, could you expand a little further and explain to the committee a little bit deeper what role your company has, and maybe the forestry sector in general, with regard to economic reconciliation with indigenous communities, but also how that is really important in the sustainability of forests because of the partnerships and interaction with those communities?

• (1625)

Ms. Lana Wilhelm: I really appreciate the member's comments here. Meadow Lake Mechanical Pulp in northern Saskatchewan was our first mill in Canada and as such we consider it a real flagship of indigenous partnerships. For 16 years now, Meadow Lake Tribal Council and nine first nations have an equal partnership with us in the management of the forest management area of northern Saskatchewan.

This is deeply important, not only for the stewardship that the member mentions but also for employment. There are hundreds and hundreds of indigenous jobs in northern Saskatchewan dependent on the running of that mill. Seventy per cent of all of the operations to get fibre to our mill employ indigenous people. Not only that, there are significant revenue streams as well as the stewardship element that is so very key for our operating in a sustainable way, looking at species at risk, cultural values and all of those other really critical elements on the landscape that we are so proud to have in our partnerships up there.

We see our operations in northern Saskatchewan as something we would love to scope out in all of our operations in Canada, because we have such a great opportunity to learn from our long-term relationship with all of those nations up north.

I would also give a mention that there are significant fires burning in northern Saskatchewan so I very much appreciate the committee for noting that also.

Mr. Gary Vidal: I have a 30-second warning so I'll be very quick on this. Can I get you to speak a little bit, in the same line, about what the reopening of the mill in PA might mean to northern Saskatchewan as well, in the same context.

Ms. Lana Wilhelm: Certainly. As we mentioned, there is significant indigenous opportunity. With the Prince Albert mill restart, we're anticipating a similar impact in terms of indigenous employment.

The project is expected to contribute approximately 1,200 total jobs and of course all the indirect partnerships as a result of that.

Thank you.

The Chair: There may be opportunities to further explore that as we go around. Thank you.

Our next questioner is Mr. Chahal.

Yo will have six minutes.

Mr. George Chahal (Calgary Skyview, Lib.): Thank you, Chair.

Thank you to the witnesses for joining us today. Thank you for your opening statements.

I want to start off by understanding a little bit more about how your business operates. I'll start off with Mr. Williams or Mr. Gibson.

Can you tell us a little bit more about the customer base for your company and how much of your business is here in Canada?

Mr. John Williams: Yes, certainly. If you look at it, obviously we're a net-exporter out of Canada. I'll take Domtar, Resolute and Paper Excellence, the three entities combined, because maybe that would be more helpful to give you the full perspective.

We sell several tens of thousands of tonnes of paper in Canada. We produce more in Canada, actually, than what is sold in Canada. The Windsor, Quebec, mill for Domtar, for example, is extremely important. With regard to pulp, we're a large exporter into North America, into Asia, of course, and across the world. Pulp is very much a global business. Our lumber business is really all a North American business, largely in Canada.

• (1630)

Mr. George Chahal: Can you go a little bit further on your international business? Tell us some of the countries. What are the main export countries where you send your pulp, lumber and paper to?

Mr. John Williams: The lumber business is really very much North America. It's the United States and Canada.

If you take the pulp business, it's Asia, Southeast Asia and also North America. It's a lot in the U.S., depending on which particular grades we happen to manufacture.

Our newsprint business is very global because, of course, we're talking to large global customers. Our uncoated freesheet business is the kind of paper you see around this room, which will go into printers, etc., in office buildings. Again, 98% of that business is in North America. If you do a rough rule of thumb, we have a slightly higher market share in Canada than we do in the U.S., so about 85% of the business is actually in the U.S. The balance is in Canada.

We also run a distribution business in Canada—just to give you a bit more perspective on the paper business.

Mr. George Chahal: Yes. Very good. You talked about pulp and its being mostly global and international. Who are your large international customers? What are the countries of origin? If you have percentages—

Mr. John Williams: If you don't mind, I'm not going to give you anything that I would call competitively sensitive, but I'll give you a sense of it.

Our largest customers are towel and tissue manufacturers across the globe, so people like Kimberly-Clark in the U.S. and Canada, Procter & Gamble in the U.S. and Canada, and Kruger products, obviously, in Canada. Hengan in China is a large tissue manufacturer.

Right now, China is probably 30% to 40% of the global pulp business. We're slightly under-represented in China in terms of total market share. Of course, there's Southeast Asia and also southern Europe.

Mr. George Chahal: Would you say that China is your largest international customer? After China, who would it be?

Mr. John Williams: The U.S. is very much the biggest customer. I should think then it's probably China and Southeast Asia.

Mr. George Chahal: Okay. Very good. Thank you.

Mr. Jean-François Guillot talked about environmental stewardship.

I'd like to know a little bit more about your company's stewardship in Canada, how you have really focused on environmental stewardship and making sure that you have a sustainable operation here in Canada.

[Translation]

Mr. Jean-François Guillot: We operate according to the rules of stewardship, whether those of the Forest Stewardship Council, the Sustainable Forestry Initiative, or various organizations in Europe. Our commitment, as a company and in our businesses, is to respect these stewardship rules and the law. If there are consultation committees to help these rules evolve, we want to participate in a positive way.

[English]

Mr. George Chahal: Can you give us some examples of where you've had some challenges, or have you had any challenges here in Canada with your company and the environment?

[Translation]

Mr. Jean-François Guillot: I would say that there have been some challenges, or rather some solutions to be found. We've had situations to resolve, some of which we are still working on, but we're looking to the future in a positive way. Many people are saying that the forestry industry is in decline. We, however, are convinced that the industry is evolving and that its future is bright.

[English]

Mr. George Chahal: With regard to your environmental stewardship, I'd like a little bit more detail on some of the problems that you may have had. You said that you've had some problems.

Have you dealt with those challenges, or are you still in the process? Can you give some examples of the challenges that you mentioned?

[Translation]

Mr. Jean-François Guillot: Some people are aware of what's going on with Greenpeace, but since that case is before the courts, I can't give any more details. However, I would ask Mr. Gibson or Ms. Wilhelm, who are also involved in the—

[English]

The Chair: Regrettably, we're out of time in this six-minute round. Again, there may be a chance to further explore this as we go around.

The next six minutes are going to go to Monsieur Simard.

The floor is yours.

[Translation]

Mr. Mario Simard (Jonquière, BQ): Thank you, Mr. Chair.

Mr. Williams or Mr. Guillot, you know that the corporate structure of Paper Excellence has raised a lot of questions, and rightly so, in my opinion, because of conflicting information that has been difficult to parse. When Paper Excellence became the owner of Resolute Forest Products, your company was given rights to 25% of Quebec's forests. You can therefore understand that these concerns are well founded.

I think a good way to get some clarity would be to ask Mr. Wijaya to allow the committee to review the discussions he had with Mr. François-Philippe Champagne, the Minister of Innovation. In fact, we're going to table a motion to that effect. I think it would reassure everyone to know what the basis of these discussions was. Are you aware of the discussions that took place between Mr. Champagne and Mr. Wijaya? If so, can you tell us about them?

● (1635)

[English]

Mr. John Williams: We don't know the details of those discussions.

[Translation]

Mr. Mario Simard: You don't know the details, okay. We'll be tabling a motion on the topic shortly.

One major concern is the future of kraft pulp. In my region, in Saguenay—Lac-Saint-Jean, we have a mill in Saint-Félicien that produces kraft pulp. Industry stakeholders have contacted us to say that if Paper Excellence aims to export this kraft pulp to Asia, there could be a significant impact on the Quebec and Canadian economies. To your knowledge, does part of Paper Excellence's business plan include shipping kraft pulp to Asia?

[English]

Mr. John Williams: Absolutely not.

[Translation]

Mr. Mario Simard: So, if I understand you correctly, the kraft pulp mill in Saint-Félicien in Saguenay—Lac-Saint-Jean has no Asian customer base. Is that correct?

[English]

Mr. John Williams: I'm sorry. I was waiting for the translation. I apologize.

At this moment in time, that's a very successful pulp mill—it's probably one of the best pulp mills, actually, in the whole of Canada—so it's a great asset, quite frankly, with a very strong customer base. It's largely a North American customer base. We're only too happy to maintain that customer base. We have no agenda to change that customer base.

[Translation]

Mr. Mario Simard: Looking at the long term, will Saint-Félicien's kraft pulp mill production be marketed in North America?

[English]

Mr. John Williams: Absolutely.

To be clear, we need to focus on markets where we know we can be competitive. That mill is extremely competitive in North America, so it would be idiocy on our part to make that change.

[Translation]

Mr. Mario Simard: Thank you. I understand.

If I'm not mistaken, the transaction between Paper Excellence and Resolute Forest Products is worth \$2.7 billion. I'm told that building a mill like the one in Saint-Félicien would cost about \$2.7 billion. The concern I'm hearing from people in my region is that Paper Excellence will settle for the kraft pulp mill and abandon the many other facilities in Saguenay—Lac-Saint-Jean, including a number of small sawmills. Do you have a plan to ensure the viability of all the other facilities that belonged to Resolute Forest Products?

[English]

Mr. John Williams: If I might, Mr. Chairman, it's a very interesting question. Obviously, we're now privately owned by an individual. We're no longer on the public market. One of the great benefits of that is that we can actually take a long-term view on investment. We have this vision. We think there are opportunities in the Canadian forest products industry to really build a strong business, hence the reason we've purchased both Domtar and Resolute in the last two and a half years.

I think we've proven, and will continue to prove, that we're a good long-term owner of these assets and a thoughtful long-term owner of these assets.

[Translation]

Mr. Mario Simard: Resolute Forest Products developed a fantastic product called cellulose fibre that is currently being produced in Kénogami in my riding.

Do you intend to maintain cellulose fibre operations? Do you have a marketing plan for this fibre? I know that Resolute Forest Products set up a company to promote cellulose fibre. Is that still on the agenda at Paper Excellence?

● (1640)

[English]

Mr. John Williams: They do. The answer is as did we at Domtar, interestingly. We called it CelluForce. It was based and still is based at our Windsor mill. Yes, we're still highly motivated by that technology, because over time we think that could be transformational for the industry.

It will take time. These things do take time, but we're still highly motivated by that idea.

[Translation]

Mr. Mario Simard: In the short or medium term, can we expect an investment plan from Paper Excellence for the Resolute Forest Products facilities?

[English]

Mr. John Williams: Mr. Chairman, if I may, when we purchased Resolute we obviously also purchased their plan, which had some fairly aggressive capital plans over the next three to five years for their asset base.

I saw a red card.

The Chair: Yes, six minutes goes fast.

Mr. John Williams: We will implement that plan.

The Chair: Thank you.

We will next go to Mr. Angus for six minutes.

Mr. Charlie Angus: Thank you so much, Chair.

Thank you so much for coming.

We know our mills are efficient. We know our workers produce the best in the country. That's not why we're here. Our interest here is in trying to find out about ownership.

What we have been able to figure out is that Sinar Mas is a pulp and paper empire based out of Shanghai and Indonesia, which is entirely controlled by the Wijaya family. We know that Asia Pulp & Paper was founded by Eka Wijaya and is under control of Sinar Mas. We know that, when Jackson Wijaya tried to establish his Canadian presence through Paper Excellence, he received a bank loan at the extremely low rate of 0.01% from a Chinese bank controlled by the Wijaya family.

Now we have a situation where one individual, not a Canadian, Mr. Jackson Wijaya, is in control of 22 million hectares of Canadian forest.

Why did he not bother to come and explain his role and his family's roles in the ownership of these natural resources assets of our country?

Mr. John Williams: There are a number of questions embedded there. I could try to attack them one by one.

I actually have with me, which I'd love to put into the record, a note saying very clearly that we repaid that loan in 2020, so we have no relationship with Chinese banks whatsoever at this point in time.

As I think Mr. Wijaya really expressed in his letter, he's traveling actively, and we are the people who are accountable for this business. I think we're capable of answering in probably a little bit more detail than he is, given the scope of what Paper Excellence has now become. We're here to answer questions and happy to do so.

Mr. Charlie Angus: Well, thank you so much.

Where is Mr. Wijaya now?

Mr. John Williams: At this moment I don't know.

Mr. Charlie Angus: Okay.

Does he still maintain his office at the White Magnolia Plaza in Shanghai?

Mr. John Williams: I also don't know the answer to that question.

Mr. Charlie Angus: You don't know that.

Would you know if the White Magnolia Plaza is the headquarters of the Asia Pulp & Paper China company, in a building that's known as the Sinar Mas Plaza? Would you know if he has an office in that building?

Mr. John Williams: I wouldn't know either way.

Mr. Charlie Angus: Why are you able to answer about his ownership if you can't answer those questions?

Mr. John Williams: I think those are geographical questions.

I guess the way I would see it, Mr. Chairman, if I may, is it's very clear there is no cross shareholding whatsoever between Asia Pulp & Paper and Paper Excellence. Paper Excellence is completely and solely owned by Jackson Wijaya. He is the sole shareholder.

Mr. Charlie Angus: He may have an office in the China office of APP in the building that's known as Sinar Mas, but you can't answer that.

I'll go on, because Mac Anderson, who worked for Paper Excellence through MacKenzie Fibre, testified at the B.C. legislative committee and stated on the record that "Paper Excellence is owned by a company called Sinar Mas." He also said, "Guys at Shanghai were reviewing what I was doing".

Who are these guys in Shanghai who were reviewing his work for MacKenzie Fibre?

Mr. John Williams: Again, I have obviously been in this business since November 2021. I have never had any interaction with anyone from Asia Pulp & Paper, nor have any of the people who work for me. In fact, I have competed and continue to compete pretty aggressively with Asia Pulp & Paper in the North American paper market, so the idea that they would be the puppet masters, I have to say, seems inconceivable.

Mr. Charlie Angus: Yes, I found it surprising, too.

The issue is that, if you give testimony at committee, like you do here, it's like testifying in court. If Mac Anderson lied, that would be serious.

What we found was that documents received by the media said that the "real nerve centre wasn't Richmond, B.C.", but at the APP office in Shanghai. This source stated that those teams, APP Shanghai, handled the legal, accounting, finance and market analysis. There were "no boundaries between staff working for one company or the other".

Why would someone who works for APP go to the media and say there's no difference between what is happening with the APP staff and the PE staff?

● (1645)

[Translation]

Mr. Jean-François Guillot: I'd like to remind committee members that we don't deny the fact that, in its early days, Paper Excellence received help from APP Sinar Mas. However, I would reiterate that this support has been terminated. The last form of support, which was from the Bank of China, was terminated in 2020. The facts being recounted here go back to the early days of Paper Excellence and are not recent.

Again, we are looking to the future, which we perceive as favourable, and not at the past, which we cannot change.

[English]

Mr. Charlie Angus: That's very helpful. You will admit that Asia Pulp & Paper was handling market analysis and legal at least up to 2020.

We were just told that there is no connection whatsoever, but obviously there was a connection. Each of these are part of a family. These aren't corporations. These are individual families.

Statistics Canada, on their inter-corporate ownership database, states that Sinar Mas controls 64 companies in Canada, including Paper Excellence.

Is Statistics Canada wrong?

[Translation]

Mr. Jean-François Guillot: I would remind you of one fact. The support I mentioned previously, which was the final tranche from the Bank of China, was received at different times in 2000, 2010, 2015, 2020 and 2023.

[English]

Mr. Charlie Angus: I'm sorry. I have to end here, but why does Statistics Canada have you listed as being under Sinar Mas? You can say it ended, but their database says that you are part of Sinar Mas.

Are you denying now what Statistics Canada said as a fact?

The Chair: I'll give you the opportunity to answer briefly, please.

[Translation]

Mr. Jean-François Guillot: I'd just like to say that we've been trying to correct this error at Statistics Canada for the past 10 years, without much success.

[English]

The Chair: Thank you.

We're going into a shorter round next, starting with five minutes for Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair.

Thank you, witnesses, for being here.

I just want to clarify. There's Paper Excellence of 2010 and Paper Excellence of today. Can you verify the differences in the companies from then to today?

Mr. John Williams: Do you mean in terms of acquisitions since then and how we've grown?

Mr. Randy Hoback: Exactly.

Mr. John Williams: We purchased Catalyst Paper, of course, in that gap. We purchased Domtar in November, 2021, and Resolute most recently.

Mr. Randy Hoback: Have you had any issues with any regulatory body in those purchases or any issues in regard to competition?

Mr. John Williams: In order to do the two acquisitions, in both cases we were asked to divest mills.

To do the Domtar acquisition, we divested the Kamloops mill in British Columbia, which I was regretful to do. I thought it was a great mill, but that's the way the world goes. That's the way things happen in this life.

As part the Resolute transaction, we have to divest the Dryden mill, which was another Domtar mill. As you'll see today, we announced that we have an agreement to divest the Thunder Bay mill.

Mr. Randy Hoback: That's normal. I used to work at Flexi-Coil or Case New Holland. When they acquired a company, they might have to divest different assets to have competition in place.

Mr. John Williams: We've had nothing other than that, quite frankly.

Mr. Randy Hoback: As far as reviews, there have been no other concerns or flags raised. Everything has been processed under normal due course both on the security side of things and in regard to the regulatory side. Is that fair to say?

Mr. John Williams: Yes, it is. Of course, when we did the Domtar transaction—I'm probably closer to that—patently, our board did a lot of due diligence on Paper Excellence before they even agreed to engage with Paper Excellence as the potential seller, as did a number of lending institutions.

Mr. Randy Hoback: That would have been a U.S. regulatory review at that point in time too—not just Canada.

Mr. John Williams: It was both.

Mr. Randy Hoback: I come from Prince Albert. You know how excited we are and how sad we were when the mill shut down in the past. We were under the impression that there would be nobody coming back to that mill, yet you came in and purchased that mill.

What do you see for the future in that region? We have an OSB plant now opening up because of the pulp mill. We have a furniture manufacturer opening up. We have trucking companies reopening dealerships for sales and stuff like that. How does that cluster work?

• (1650)

Mr. John Williams: Obviously, what you want to do is use as much of the tree as you can, preferably all of the tree, other than the roots. It's really about being efficient in that way. That's why a pulp mill is very much an anchor for a lot of that, as are sawmilling businesses around it or OSB businesses.

To your point, that whole cluster is sort of vital to the supply chain. Obviously, the pulp industry needs a healthy sawmilling industry, because that's where a lot of our raw materials come from. Yes, whole trees are coming our way, but so are chips. If we can't get all of that to happen, we end up uncompetitive. I think the challenge always in this industry is that we have to compete globally, but actually we're a very local and very rural business. That's always going to be the challenge for the pulp and paper industry in any geography, quite frankly.

Mr. Randy Hoback: Let's quickly go to the ESG side of things. Again, if we look at the harvesting that's going to happen, these are jobs that are going to first nations. They're being trained by local technical schools. You talked about 1,200 jobs in Prince Albert at the mill there alone.

Again, what types of jobs would these people have if that mill wasn't opened?

Ms. Lana Wilhelm: We can look again to Meadow Lake Mechanical Pulp as a great template for the long-term sustainability of those jobs. These are highly trained trades jobs. They're well paying and stable. They even transfer across sectors.

I think as a record of what we've been able to accomplish at Meadow Lake Mechanical Pulp, we could take direct a link in how we would build that out and also those opportunities in partnership with nations there.

Mr. Randy Hoback: Again, I don't want to interrupt, but obviously you're doing a good job, because the Province of Saskatchewan has endorsed your movement in Prince Albert. I think it's because of the history you've had in Meadow Lake. Is that fair to say?

Ms. Lana Wilhelm: That is. We just received government approval for environment assessment.

Mr. Randy Hoback: The environmental assessment is done and you have everything in place. That's really good to hear.

Going back to the jobs in the region, we have a sawmill in Carrot River. We used to have a mill in Flin Flon or The Pas at one time. It got closed, I understand. You're taking product now that's actually not going to be used anywhere else, but it helps take the cycle and again rejuvenate that cycle, so we're going to be replanting and doing forest management. Is that fair to say?

Ms. Lana Wilhelm: Yes. I think from a forestry planning and sustainability angle, it's not only important to recognize the regeneration, which we as foresters are obligated to do. It's also important to look at how we take fuel-loading from areas that would normally be adding to the fire risk, which of course is extremely high in some areas.

Mr. Randy Hoback: Just quickly, then, the mill—

The Chair: I'm sorry, Randy. We're out of time on this one. We're packed, but we will come back around to give you five more minutes.

We will move now to Mr. Sorbara for five minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair.

Welcome, folks, to the committee today.

When did you conclude the acquisition of the Domtar Corporation?

Mr. John Williams: That was in November 2021.

Mr. Francesco Sorbara: Okay. You went through all, obviously, proper channels in that acquisition...?

Mr. John Williams: Absolutely. Yes.

Mr. Francesco Sorbara: Were any issues raised by any of the competition authorities or anything to that extent?

Mr. John Williams: Again, the only one was in terms of the pulp business. We had to divest the Kamloops mill.

Mr. Francesco Sorbara: Okay. You just recently announced the Resolute Forest Products acquisition.

Mr. John Williams: We did. Yes. It's completed. It's done.

Mr. Francesco Sorbara: The headquarters is located in Richmond, British Columbia, from my understanding.

Mr. John Williams: Yes.

• (1655)

Mr. Francesco Sorbara: Okay.

Canada as a country has always benefited from FDI, foreign direct investment. We've always benefited from inflows of companies and corporations investing literally hundreds of billions of dollars into our economy. We see it today, and in the last couple of weeks with Volkswagen's announcement to build a gigafactory, the first one in North America, in St. Thomas, Ontario. It's going to generate thousands of jobs and is really happy to be there. We see it across multiple sectors of our economy—some not but most yes. It's good to see, because foreign direct investment is important. It creates jobs, and I can understand that.

What are your total assets in Canada as defined on your balance sheet as of today or the most recent reporting or filing period?

Mr. John Williams: I'm not sure. I'd happily get that for you. I'm not sure I could pluck that out of thin air.

Mr. Francesco Sorbara: Are they available on SEDAR?

Mr. John Williams: Yes, you should be able to see them, because Resolute, obviously, was public. Domtar has been private for a while, but they'll be considerable.

Mr. Francesco Sorbara: Just for clarification, where are the majority of your assets concentrated in Canada?

Mr. John Williams: They'd be in Ontario and Quebec.

Mr. Francesco Sorbara: My understanding of the ownership structure is.... There's been some concern—and I will use the word “concern”—about the opaqueness of the ownership structure. Is it an opaque ownership structure?

Mr. John Williams: There are a series of holding companies, most of which exist for tax efficiency, but they're not abnormal for an international business.

Mr. Francesco Sorbara: Who is your auditor?

Mr. John Williams: It's PricewaterhouseCoopers.

Mr. Francesco Sorbara: Have they signed off on your...?

Mr. John Williams: They have indeed, and they've signed off on the consolidated balance sheet of Domtar-Resolute.

Mr. Francesco Sorbara: Do these international holding companies trace back or go back to Indonesia?

Mr. John Williams: They go back to Jackson Wijaya.

Mr. Francesco Sorbara: Asia Pulp & Paper is a company that's been around for decades, if I'm not mistaken.

Mr. John Williams: It has indeed. It was founded decades ago.

Mr. Francesco Sorbara: What is the concern being brought up, in your view?

Mr. John Williams: If I may, Mr. Chair, I think it's understandable. It's this: "Who is this owner and what is this owner's agenda?"

The owner is Jackson Wijaya, who is a third-generation member of the Wijaya family. His grandfather left China during the cultural revolution, as happened to many. I'd say he's of the Chinese diaspora, if you like, in Asia. I think there is a concern as to whether we have some agenda to divert the product we're selling into various markets—into that Chinese market. That is absolutely not the case.

Mr. Francesco Sorbara: The products you're talking about are pulp and paper—

Mr. John Williams: It's not paper, no, because, quite frankly, the Chinese have an enormous paper market. They're a producer. They're actually an exporter of paper. Their paper is coming into Canada as we speak. We're competing with them to try to sell customers our paper.

Mr. Francesco Sorbara: Of course.

Just for reference, many years ago—probably over 30—I worked at a pulp and paper mill in Princeton, British Columbia. It was the old Repap Industries under George Petty, at the time. I spent a couple of summers there, so I saw the process and understand it. I also understand the massive consolidation that has occurred within the North American market and how many of the participants.... For example, the largest company in British Columbia at one time was MacMillan Bloedel. That's the home province I grew up in. Things have changed quite a bit.

I accept and welcome foreign direct investment into the Canadian economy, but there are real issues in this world we live in, and I think it's understandable that we want to know the ownership structure and how it works. The Wijaya family have been leading investors and holders of businesses for decades. That's not new, but I think there are some concerns that need to be answered, if I can be frank.

How many acres of timber would you own?

The Chair: I'm sorry. We're out of time.

We'll take a brief answer, and then we'll move on to our next speaker.

Mr. John Williams: It's a very small actual ownership—a few hundred thousand hectares.

The Chair: Thank you.

We'll now go to Monsieur Simard, who will have two and a half minutes.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

Mr. Williams, I come from a place that has some experience with a complicated ownership structure. Alcan, the largest aluminum producer in North America, was sold to an Australian company, Rio Tinto. Alcan has become a drop in the mining bucket of a major corporation, which means that many people in my riding have the impression that decisions about aluminum are no longer made in Canada.

As a result, I'm not reassured by your ownership structure. Ownership structure is the key ingredient that allows workers and people in a region to see where their centre of influence will be. I do not want my region, Saguenay—Lac-Saint-Jean, to become a drop in Asia Pulp & Paper's mining bucket.

I know we can't ask you this question and that you'll answer to the best of your knowledge, but—the best solution would be for Mr. Wijaya to agree to come and testify before us. If he doesn't, then you will leave, and we, the elected representatives and media, will be left with the same concerns about who really owns Paper Excellence. Until this issue is resolved, we won't be able to move on and talk about your development plans. Once again, this is essential for us, because a lot of issues remain unclear. I'm just thinking of the workers' pension plan. I also spoke to you earlier about your investment plan.

How can we trust you if we don't really know who the owners of Paper Excellence are?

• (1700)

[*English*]

Mr. John Williams: I'll try to unpack that, Mr. Chairman, if I may.

Obviously, we're the people who run the business on Jackson's behalf. He would not be letting us make these commitments if he weren't absolutely comfortable that he was prepared to keep those commitments.

Now, we have this scale, and I can accept that the scale is new, versus where we were two years ago. He has purchased two very large businesses in a very highly regulated environment. Both of those businesses had a really good reputation in terms of sustainability and ESG generally. He feels, I think very strongly, that one of the reasons those businesses are of interest to him is that he wants to build that across all of his businesses.

The Chair: Thank you. Two and a half minutes goes very quickly.

Mr. Angus, it's over to you for your two and a half minutes, please.

Mr. Charlie Angus: Thank you.

There is a very interesting quote from a manager of Asia Pulp and Paper Shanghai, who spoke to the media and said it's a "fibre grab". They want to keep the perception that Paper Excellence is an asset of Canada—for Canada and by Canada. In reality, it's a feeder for the Chinese machine.

Why would somebody from Asia Pulp & Paper make a statement like that regarding Jackson Wijaya's control of 22 million hectares of forest?

Mr. John Williams: Obviously, it's not for me to speculate why anybody would say anything. The truth is that there is no fibre grab. We are still very committed to serving the customers that we have. We want to develop with those customers the business. We want to invest wisely. We want strong relationships with the unions, because obviously without the people there is no business.

Quite frankly, I just can't prove a negative. I think that's where we find ourselves.

Mr. Charlie Angus: Today we learned that up until at least 2020, Asia Pulp & Paper was doing analysis and doing work for the family business.

Do we have a date when Asia Pulp & Paper stopped overseeing the work of Canadian operations?

[*Translation*]

Mr. Jean-François Guillot: I'd like to make a correction. I would remind you that 2020 is the year the bank loan was stopped. Since 2015, the year I joined the Paper Excellence team, we have had no relationship with the Asia Pulp & Paper company.

[*English*]

Mr. Charlie Angus: Okay, so there's no relationship. I just find it interesting, because on our corporate list, you are listed as a subsidiary of Sinar Mas.

I'm going to go back to Shanghai. We don't know whether Mr. Wijaya is there. We don't know where his office is. We're told that his office is in the Sinar Mas building there. We have an APP employee, who says:

[He] believes it crucial and urgent that people in North America—especially regulators and politicians—know more about Asia Pulp & Paper and Paper Excellence, the rapid expansion of the Wijaya family's private business empire into the Americas, and its growing control of the pulp and paper industry and the forests that feed it.

We're talking about a man who solely owns the mills and 22 million hectares of natural resource products, and he is the man who is too busy to come and explain himself to the Canadian people.

I put to you that you are undermining questions of credibility if he won't even come and explain how his family controls this market, controls Asia Pulp & Paper, controls Sinar Mas and whether this is a fibre grab of Canadian operations to feed the Chinese machine.

The Chair: We are out of time, but I will allow our witnesses, if they'd like, to provide a response to that statement.

Mr. John Williams: Very briefly, of course, we don't control 22 million hectares. We have to go and find that wood and compete with anyone else who wants to buy it, whether it be wood chips or

pulpwood, so I slightly quarrel with that characterization, Mr. Chairman

Yes, Jackson had a vision, and still has a vision actually, that he could help the Canadian pulp and paper business become a sunrise business rather than the sunset business it has been for a number of years, and he's ready to invest behind that.

• (1705)

The Chair: Thank you.

Our witnesses often want to know where they're at in the process.

We have five minutes left for Mr. Vidal and then five minutes on this side, and then we'll suspend and go to our second panel.

We have 10 minutes left. Thank you so much for what you've shared with us so far.

We're going to start off on this side with Mrs. Stubbs.

Mrs. Stubbs, you have five minutes.

Mrs. Shannon Stubbs (Lakeland, CPC): Thanks, Chair.

I'm just going to take about 30 seconds, and then I'll defer to my colleague, Gary.

Thank you to the witnesses for being here and for talking about, of course, the importance of their operations and businesses in communities across the country. There are, obviously, still outstanding questions that I think require transparency.

This won't be for debate today, Chair. I just do want to put on the record that Conservatives will be moving a motion to help amplify the intent of the original motion moved by our colleague Charlie Angus. It is:

That, pursuant to the motion adopted on March 31, 2023, regarding a study into the Canadian Pulp and Paper Industry, Minister Francois-Philippe Champagne, Minister of Innovation, Science and Industry, appear for one hour alongside appropriate officials to discuss the ownership structure and business relations of Paper Excellence Corporation, and that the Chair schedule this meeting at the earliest possible opportunity.

This was, of course, also the request in the original motion from our colleague.

The Chair: We did invite the minister to attend. His schedule did not permit him to be here within the time frame. We invited. He was unavailable. That's where we're at.

Mrs. Shannon Stubbs: Okay. We should perhaps debate this later. It seems quite obvious that he should make himself available.

Thanks, Chair.

Mr. Gary Vidal: Thank you.

I want to pick up on this idea that Paper Excellence somehow controls 22 million hectares of forested land in Canada. This has been an ongoing discussion by the member from Timmins—James Bay. It's been in a number of media reports, starting back in March.

I would suggest that this statement is incorrect at best and potentially misleading at worst. This is the reason I would say that. For example, in Saskatchewan the Minister of Environment uses several different forms of licensing before the right to harvest Crown timber is granted to anyone. This both secures benefits and ensures sustainable practices are maintained by the companies. In Saskatchewan, for example, there's a forest management agreement. There's an area-based or volume-based term supply licence. There's an annual commercial forest product permit. These are all different methodologies of granting that permission to harvest Crown timber.

What these all have in common is that they require both forest management plans and indigenous consultation. From the Saskatchewan government report, it says:

Since forest management agreements provide the greatest assurance of sustainable forest management—requiring forest management plans, which are equivalent to environmental impact assessments, plus renewal obligations—the long-term goal is to have all timber supply areas covered by forest management agreements.

In addition to that, we talked a little bit about northwestern Saskatchewan already. It's my understanding that your company and the Meadow Lake Tribal Council are fifty-fifty partners in a forest management company called Mistik Management Limited. Through Mistik Management Limited, it controls the timber supply for both your pulp mill and the lumber mill called NorSask Forest Products, which, by the way, is a 100% first nations-owned sawmill in my community of Meadow Lake.

I want to give you an opportunity to just talk a little bit about the regulatory processes in Canada, and how they provide checks and balances to protect our timber resources. I also want you to add on the end of that, if you have time, to explain how the indigenous consultation and/or direct involvement supports these practices.

Ms. Lana Wilhelm: That is a lot to unpack there. I am a professional forester. I could go on at length and all of the signs would come up, so I won't do that.

I would say that for Saskatchewan the member is 100% correct. As a forester I am really proud that we have one of the most heavily regulated industries out there. There are hundreds if not thousands of foresters, biologists, traditional knowledge keepers, trappers and people out on the land who are making sure that we have that tightly regulated forest, as we should have. This is a renewable resource. It's in our best interest, as a pulp and paper company, to renew that resource in a sustainable way.

I would leave it at that, unless any of my colleagues would have anything to add to that. I think, again, our work with indigenous partners has been nothing short of important, and not only for social licence because it's the right thing to do. It also has made really good business for everyone at the table.

• (1710)

Mr. Randy Hoback: In Prince Albert, again, we're pretty excited. We see so much potential. There are actually two new skating rinks being built and a swimming pool. There's a new hospital now being built. There's all that because the pulp and paper sector, the forestry sector, is returning to Prince Albert. We're seeing huge investments in the city of PA.

We're not the only ones excited about that. The member for Cowichan—Malahat—Langford toured your mill in Crofton. He's pretty excited about the 500 jobs he has there. I just want you to know there are lots of people in Parliament and lots of people in Canada cheering you on.

Having said that, there are processes you have to follow. There are rules you have to follow. These are a part of the process. I appreciate you're doing that. We look forward to seeing your business grow and expand in the Prince Albert area, for sure.

Thank you.

The Chair: Thank you, Mr. Hoback.

We're going to go to Mr. Blois.

I understand you have a quick point that you'd like to raise.

Mr. Kody Blois (Kings—Hants, Lib.): Just before you start the clock, we do have Ms. May here, and I know that the party is not recognized in terms of having 12 seats. I have a number of questions I'd like to be able to ask for all five minutes of time, but I don't want to preclude Ms. May. I know that she might have a question or two.

I'm wondering if there's a consensus on this committee to give her even a two and a half minute slot. I need to know whether that's possible before I start my time.

Is that okay?

The Chair: We would need unanimous consent to do that.

Mr. Charlie Angus: To clarify, will we have another round?

The Chair: No. The intention is that, once we finish this last slot, if the two and a half minutes are approved by the committee, we'll suspend. We'll bring in the second panel, and at that point, I'll be looking for advice from the committee whether we want...

We were late starting today. We did not get going until 4:13, so we were 45 minutes late starting. We have resources available until six o'clock. It will be likely almost 5:30 before we can get to the second panel. Do we want to bring in the second panel or go until six o'clock? That's the direction I'm going to look for.

Mr. Charlie Angus: I'm sorry. My only question is.... I'm looking for goodwill from my colleagues. I don't want to have this second panel and then not ask them questions. They came all the way here to be heard, as our first panel did. I want to make sure that our first panel is heard and that we at least get a full round with our second panel.

The Chair: If we go until six o'clock, as long as we have resources, we will get the first six-minute round with them, for sure.

Mr. Kody Blois: Just so I'm clear, Mr. Chair, Ms. May will have—

The Chair: It's five minutes to you, and then we'll give two and a half minutes to Ms. May. Then we'll suspend.

Mr. Kody Blois: Thank you very much.

Mr. Williams, obviously Mr. Angus and other members of the committee have raised some of the concerns around the perception of the structure. I can't sit here with certainty and know what is and what isn't true. I appreciate your being here.

Do you have any recommendations you can provide to this committee quickly about ways...? You can further disclose information that can help put to rest some of the concerns that are being raised.

Mr. John Williams: We can be as transparent as you need us to be. I'm happy to lodge things with the committee in terms of the ownership structure or whatever you need, quite frankly.

I would also say one thing. Obviously, we have a bunch of North American lenders who now lend to us, some of the very best names in investment banking in the U.S. All of them—

Mr. Kody Blois: I apologize. I have only a limited amount of time.

What I heard there is that you're willing to share further documents as necessary to help do this, so thank you.

I want to ask about creditor protection. On May 1, 2023, the company that owns Northern Pulp, which, of course, is Paper Excellence.... There's been an extension through the B.C. Supreme Court. What is the hope of the company in this four-month extension in terms of being able to resolve that issue in Nova Scotia?

Mr. John Williams: Obviously, we remain positive.

J.-F. is very close to it, so I'll let him answer.

[Translation]

Mr. Jean-François Guillot: We still have hope and are looking for solutions. The goal is to restart operations at the Northern Pulp mill. We will therefore continue our efforts over the next four months.

[English]

Mr. Kody Blois: How does the decision by the Nova Scotia government to not allow the water plant facility that is tied to Michelin...? My understanding is that the provincial government has not allowed that shared resource, which is extremely important. How does that play in, in terms of the decision-making movement for it? I have to assume it's consequential.

[Translation]

Mr. Jean-François Guillot: That does not preclude Northern Pulp from having water rights. It's just a question of coming to an agreement, since we share this natural resource with Michelin.

[English]

Mr. Kody Blois: Are you paying pensions of employees right now under the credit protection order? Are employees who work for Northern Pulp being paid their pensions? Give me a yes or no.

• (1715)

[Translation]

Mr. Jean-François Guillot: We are subject to the creditor protection rules of the Companies' Creditors Arrangement Act, the CCAA.

[English]

Mr. Kody Blois: I take that to be a no, because the rules don't call for it necessarily.

[Translation]

Mr. Jean-François Guillot: I would give the same answer.

[English]

Mr. Kody Blois: Fine.

How much money, approximately, is owed to creditors right now? Is that public information? Can you share with the committee how much the Northern Pulp operation owes creditors?

[Translation]

Mr. Jean-François Guillot: Since this falls under the CCAA, it's difficult for me to answer. What I can say is that the only major creditor is the province itself.

[English]

Mr. Kody Blois: I'm a Nova Scotia member of Parliament. I represent Kings—Hants. I have my colleague here from Sydney—Victoria. Ms. May obviously has connections to Nova Scotia as well.

I'll preface the conversation, because I can appreciate that the mill has been very important for the forestry sector. I know that Ms. May's conversation will be along the lines of Boat Harbour and some of the impact on the indigenous community in Pictou Landing.

I have certain sawmills that have certainly benefited from the presence of that mill, so I understand that. What would you say to the people of Nova Scotia about there being a current lawsuit for \$450 million to the taxpayers? That's certainly me and my colleague. That's all the million Nova Scotians. Do you think that's fair and equitable?

I want to ask this question of Mr. Williams. You're the chair of the board. As the board helps govern the responsibility of Paper Excellence, where do you draw the line in terms of an equitable nature, notwithstanding that the contract that might have been divulged with the Province of Nova Scotia was demonstrably a bad one years ago?

Mr. John Williams: Mr. Chairman, thank you for the question.

I would say we feel that we need to protect our interests. At that moment in time, obviously, we had a profitable mill. That mill no longer operates. Therefore, we've had severe losses. Again, I'm not going to comment on the detail of legal activity.

Mr. Kody Blois: Mr. Williams, do you equate the fact that the mill doesn't operate to a decision by the Province of Nova Scotia or to the inadequacy of the work that was done to address the environmental challenges locally?

Mr. John Williams: That's a legal question that needs to be resolved—not here.

Mr. Kody Blois: I have about 30 seconds left as I understand, Mr. Chair.

Mr. Williams, are you worried about the perception that there's a loss of trust in the province of Nova Scotia, notwithstanding the benefit the plant has had to the community, and that this lawsuit is seen as punitive? How do you build up trust in communities that are seeing this lawsuit happen and also try to do business there in the future?

Mr. John Williams: I think that is the challenge. I think you've expressed it. It remains the challenge.

Mr. Kody Blois: Thank you, Mr. Chair.

The Chair: Thank you.

We'll jump right now to Ms. May, who will have two and a half minutes.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Thank you very much to all members of the committee for allowing this. I do have questions.

Your company's choice to use the Companies' Creditors Arrangement Act to go to a judge at the Supreme Court of British Columbia and to seek binding arbitration deliberately excludes any role for Pictou Landing First Nation, who have been aggrieved through lies, abuse and environmental racism for years. Does it trouble you at all that your approach to getting your mill reopened is to exclude any indigenous involvement?

Ms. Lana Wilhelm: Mr. Chair, as I said in my opening remarks, we inherited, in some of our mill purchases in Canada, a legacy of broken trust and promises. In no place was that more apparent than in Boat Harbour and Northern Pulp. We have determined that we will close Boat Harbour. We're determined to rebuild that relationship with communities. We have what we believe is a plan to transform the mill to a place where we can rebuild that trust.

Of course, with reconciliation, there are no shortcuts here.

Ms. Elizabeth May: Excuse me, I have very limited time.

Excuse me, Ms. Wilhelm and Mr. Williams, you chose a legal route that went to the Supreme Court of British Columbia. That was excellent forum shopping in finding Judge Shelley Fitzpatrick, who did the same thing for Mountain Equipment Co-op. You chose a route that would exclude first nations from involvement when you went into binding arbitration with the Nova Scotia government, and, as my colleagues have pointed out, while suing Nova Scotia for \$450 million.

I have time for one more quick question, so forgive me for being very abrupt.

Do you believe the connections between Paper Excellence and the People's Republic of China—such as co-locating in headquarters and having had loans from the People's Republic of China's development bank—are sufficient that your company or that the People's Republic of China could invoke the Canada-China Foreign Investment Promotion and Protection Agreement, the FIPA, in order to seek secret damages from Canada for regulating your business?

An hon. member: That's a reach.

Ms. Elizabeth May: No. It's right there.

• (1720)

The Chair: We have 30 seconds left if anybody wants to answer.

Mr. John Williams: I'm honestly not cognizant of that approach, so I really can't answer the question.

Ms. Elizabeth May: The Canada-China Foreign Investment Promotion and Protection Agreement is a treaty between Canada and the People's Republic of China. It gives Chinese investors superior rights to Canadian investors to seek damages. That's just to explain if you're not familiar with it.

Given the investments that were made by the People's Republic of China bank, which you said, on the record, has now been completely paid off, that was the concern.

The Chair: We're out of time. Thank you.

With that, I'd like to thank....

Mr. Angus, you have a point of order.

Mr. Charlie Angus: On a point of order, I want to follow up on Mr. Blois' comments. He had asked if they would be willing to submit papers, but I didn't get any specifics. I was thinking of maybe the corporate ownership structure so that we could at least see how Mr. Wijaya controls operations in Canada.

Mr. Kody Blois: The intention of my statement, Mr. Chair—I would be happy to seek some procedural guidance on this—was that I wanted to have on the record that the executive leadership team here from Paper Excellence is willing to disclose what this committee reasonably thinks is necessary to be able to do that. Obviously, there's a legal dynamic to that. I don't have anything specific in mind.

Certainly, as I sit here as a committee member trying to distinguish between some of the elements that were being raised versus the answers that were there, I want to make sure, at the end of the day, if there's something more that can help demonstrate and bring confidence—I see Mr. Williams nodding—I was trying to flush out what that could be. That was really the intention of the question.

The Chair: I'm happy to work with our clerk and the analysts to determine what has been asked and to put that to our representatives from Paper Excellence to see what response we get back.

Mr. Hoback.

Mr. Randy Hoback: It's just that it's hard to give an answer when you don't know what the question is. If there are more specifics, I think that would be more my preference.

The Chair: We'll go through the record and see what we can pull out as specific requests. There were a couple of other things that were asked, so we'll pull that together in a comprehensive package to send to the witnesses.

Mr. Kody Blois: Mr. Chair, if you'd like, I can put it a little more specifically, since Mr. Angus asked. I would ask that the members from Paper Excellence, at their discretion, provide whatever they think could be helpful to this committee to determine the validity that the connection to the People's Republic of China is not of any direct relationship, and any information to help to try to bring down the concerns that have been raised generally in this committee.

The Chair: We will send a formal request to—

Mr. Charlie Angus: Just on that—

The Chair: Go ahead, Charlie, and then we need to wrap up and get to our second panel.

Mr. Charlie Angus: It certainly should be whatever this committee thinks is necessary. I don't think we should haggle back and forth here, but we could talk about what we feel in terms of follow-up, and if follow-up is necessary in paperwork, we'll ask for that.

The Chair: We do have time at our meeting on Friday, where we can carry on this conversation.

With that, I would like to thank our panellists again, not only for coming today but for coming for a second time, although the first time was not productive due to circumstances beyond our control. Thank you so much.

With that, we're going to pause and pull in our second panel.

● (1720) _____ (Pause) _____

● (1725)

The Chair: Welcome back. We're back in session.

Thank you to those joining us remotely for standing by. Welcome to those who are here in person.

If you weren't here for the first part of the meeting, I just want to welcome you. We are in hybrid, so those of you online have access to the floor audio, which is the real-time language being used, or to the English or French interpretation. If you want to chime in, you can use the “raise hand” function and then take it down.

For those joining us remotely, we ask you to mute and unmute yourselves. For those here in person, we have a team here that will do that.

Folks, we were 45 minutes late starting today because of the votes. We normally go through and have five-minute opening statements from each of the witnesses. We have four different groups and individuals represented here today. Only one of the opening statements was received in bilingual format. Those were circulated.

We have until no later than 6:10 today. First of all, I apologize for the late start, but that was beyond our control because of votes.

This is going to put our witnesses on the spot. On Friday, we do have an hour of time set aside for in camera report review, and I am willing to take that time if our witnesses, on short notice, would be available to join us on Friday. You don't have to answer right now, but if there is any hope of having you, our time slot is 9:45 a.m. to 10:45 a.m., Ottawa time. That's when we would be looking at inviting you back to continue today's discussion. I don't know if we can get a thumbs-up if anybody knows yes, no, absolutely not, or “I'm

not sure”. We do want to hear what each of you has to say, and that is the easiest time we could make available. It will just help me guide the opening time.

I saw one thumbs-up.

We have Dr. Christian Leuprecht from the Royal Military College, whose notes have been distributed in bilingual format, so we could also ask to forgo an opening statement to save five minutes there. We could do abbreviated rounds for members, but if witnesses would be available to come back, we can carve out some time on Friday.

Okay, we have one “no” for Friday.

If there would be a willingness, we could explore having you back even next week. We'll try to squeeze in as much as we can today. We could perhaps also do somewhat abbreviated statements, although that's not entirely fair, so I'll give you five minutes on the clock for your opening statement. If you can cut it off shorter, then we can get into some questions. We'll do, perhaps, an abbreviated first round of questions, and then we'll see if we can get you back to finish off this panel.

With that—

● (1730)

Mr. Charlie Angus: I'm sorry, Mr. Chair.

You're saying that we're going to do five-minute opening or abbreviated.... Then are we going to do a five-minute round? For me, I want to know if I'm doing a full round or not. Otherwise, it's—

The Chair: Let's see where we get to when we're done the opening statements and how much time we have left before 6:10. Then I'll divide that by four to see how much time that will give each of us.

Randy.

Mr. Randy Hoback: I just want to make sure that they get their full five minutes because—

The Chair: Yes, I'll start the clock for five minutes for each of the three, and then we'll go to our representative from the Royal Military College to see if he would like to make his opening statement as well, although it has been circulated and hopefully read by everyone.

Let's jump into this.

Welcome, everyone. I apologize for the chaos today.

In person with us right now, we have the Forest Products Association of Canada.

I'll start the clock, and you'll have the floor for five minutes. Let's get this started.

Mr. Derek Nighbor (President and Chief Executive Officer, Forest Products Association of Canada): Thank you, Mr. Chair.

I'm Derek Nighbor, president and CEO at Forest Products Association of Canada. My colleague Mahima Sharma is with me. She is our VP of innovation, environment and climate policy, and she's our in-house chemical engineer. We're going to talk a bit about some of the energy transformation happening in our sector, and her expertise and experience will be valuable to that discussion.

I look forward to talking about how we can work more collaboratively and in an impactful way with the federal government to accelerate decarbonization and to strengthen economic prospects for individuals and families in our mill communities, which—as most of you know—tend to be in more rural and northern parts of our country.

You heard a bit about it earlier today, but our sector is very much an integrated sector, so our pulp and paper mills and biorefineries are dependent on sawmills for their leftover wood chips or what would otherwise be wood waste. That's what feeds them, and for the sawmills, the sale of those chips provides an important revenue stream to strengthen their bottom line. It's our own little circular economy, if you will, in forestry.

The goal is to minimize waste and to get value from every part of the harvested tree, and in parts of the country that are more vulnerable to fires—and we're seeing that right across the country, unfortunately, with a very early start this year—finding a market for these chips means they're not piling up to become kindling for the next fire season.

I'll say a couple of quick things on the forest management side of things. Our sector plants 400 to 600 million seedlings annually to regenerate our forest landscapes and to keep them as forests forever. About 50% of Canada's forests are unmanaged, so the sector is actually operating on about 50% of our forested land base. Given our commitments to conservation and biodiversity, sustainable management, whole-of-ecosystem management and community values management, about half of our managed forest today is under some kind of a conservation measure.

Mill GHG emissions are down by about 60% since the early 1990s. We have an opportunity to do more with your support.

One of the things we actually talked to Minister Wilkinson about last week was the importance of a clear industrial action plan for the forest sector to accelerate decarbonization and economic growth. I think we've seen a lot of energy around the oil and gas sector, critical minerals and electric vehicles and batteries, but we think there needs to be a similar play with forestry in the weeks and months ahead, and our international competitors in those countries are doing just that.

I'll pass it over to Mahima.

• (1735)

Ms. Mahima Sharma (Vice-President, Innovation, Environment and Climate Policy, Forest Products Association of Canada): Thank you, Derek.

In its recent annual report, Canada's Net-Zero Advisory Body highlighted the forest sector as one of Canada's seven priority sectors and specifically noted the competitive risks that stand before

Canada's forestry and steel sectors, given the aggressive subsidies and tax credits from the U.S.A. Inflation Reduction Act.

Finland and Sweden have embraced the carbon-capturing power of forests by creating integrated strategies and incentives to leverage the full forest-sector value chain. We need Canada to do the same or we risk falling further behind our global competitors.

In addition to the U.S. Inflation Reduction Act, the U.S.A. has doubled down on its forest biomass play by including forest biomass as something that is eligible for investment tax credits, but Canada has yet to respond. While budget 2023 included in detail the social, economic and environmental benefits that forest biomass can provide, it stopped short of including its enabling technologies in things that are eligible for investment tax credits, which has left us with a massive competitiveness gap vis-à-vis the U.S.

Including forest biomass technologies in the investment tax credit for clean electricity as well as the investment tax credit for clean technology manufacturing is essential for Canada to capitalize on its abundant forest biomass resource and to accelerate progress towards our climate goals.

We're not just looking for financial tools and incentives. We're also looking for policy coherence. While the federal government took the necessary steps in budget 2023 to recognize forest biomass for its clean-fuel potential, its clean-fuel regulation is more ambiguous. Although designed to incentivize cleaner and greener energy, the clean fuel regulation, to date, still does not recognize the sustainability attributes of biomass sourced from Canada's independently certified and audited forests, and we would like to see this fixed.

There are two other game-changing plays in the decarbonization space for the pulp and paper sector—lime kiln decarbonization and bioenergy with carbon capture and storage. I would be happy to speak to these opportunities in more detail during the question and answer period.

In closing, with a more deliberate approach on industrial strategy, a more inclusive approach on investment tax credits, better policy coherence and tailored programs to accelerate lime kiln decarbonization and bioenergy with carbon capture and storage, we can attract more investment to Canada, improve our global competitiveness position and do more to achieve our shared climate goals.

Thank you for your time and your attention today.

The Chair: Thank you for being within the five minutes for your opening statement.

We'll jump now to Dr. Leuprecht.

I will give you the opportunity for up to five minutes for your opening statement. Take as much of that as you'd like. The floor is yours.

[Translation]

Dr. Christian Leuprecht (Professor, Royal Military College of Canada, As an Individual): Thank you, Mr. Chair.

I'm going to shorten my speech, which will be in English. I will, however, welcome your questions in both official languages.

[English]

My overall concern here is to ensure a level and competitive playing field for foreign direct investment in Canada and that the investment we see here may not meet that test.

It appears that Paper Excellence may have been and may still be in violation of Canadian law by effectively circumventing Canadian law. That may also be the reason why Paper Excellence continues to be intransparent and not forthcoming about its foreign resourcing, nor about its ownership structure.

I'm concerned about the structure behind the company, but I'm also concerned about the pace at which it has acquired a significant share of a Canadian business here. If another business acquired 21% of, say, the telecommunications media or the airline business in Canada, and we had the sorts of questions that we have here about financing and ownership structure, Canadians would be up in arms, especially in Quebec.

For a purportedly foreign entity that may be connected to China, there are interesting questions here. Why were transactions allowed to proceed? Was this in the public interest? Do these transactions comply with a particular competition law? Do they comply with Canada's foreign investment laws?

It reveals that Canada's posture is yet again inadequate in terms of identifying, disrupting and possibly deterring potentially malicious intent in terms of foreign investment. It's also another reason why this government needs to get the financial crime agency of Canada up and running.

I provide a comparison here with the United States, where, if this investment had proceeded, it would have required a proactive disclosure to the committee on foreign investment, known as CFIUS, which is in the Treasury, where the office of investment security is housed, along with the financial intelligence unit. We would have had a proactive disclosure of foreign funding, and that would have flagged suspect resourcing, ownership, reporting and control structures.

What we need, then, in this country is something that mirrors CFIUS. Canada needs proactive disclosure of foreign direct investment in Canadian companies and real estate by means of a Canadian equivalent of the U.S. Foreign Investment Risk Review Modernization Act of 2018 and the political will to deter possible deliberate misrepresentation or obfuscation of foreign financial flows into Canada, as well as control of Canadian companies.

This case raises Canada's potential vulnerability to foreign economic interference and manipulation across a vast spectrum.

[Translation]

Thank you for your attention.

• (1740)

[English]

The Chair: Thank you so much for your comments.

I don't know if that was your full opening statement, but as I say, we have circulated it in both official languages to the committee.

Next, we have, with the Fédération de l'industrie manufacturière, Louis Bégin, president, and Dominic Demers, labour relations consultant.

I'll turn it over to the Fédération representatives for their opening five-minute statement, please.

[Translation]

Mr. Louis Bégin (President, Fédération de l'industrie manufacturière): First of all, I'd like to thank the Committee for having us.

First I'd like to specify that, in some respects, we see something positive in this venture: it is a pulp and paper company that has acquired Resolute Forest Products. Let's not forget, however, that Resolute Forest Products belonged to an investment holding company, which could at any time sell the company off in pieces or break it up, with no real follow-up plan.

The lack of transparency of the plan, which has already been mentioned, is an aspect that concerns us. We'd like to have a bit more detail, and to know what objectives Paper Excellence has for Resolute Forest Products, which is part of a range of operations in Quebec. It starts with the forest and includes sawmills, paper mills and cardboard production. Paper Excellence doesn't have this model anywhere else in the world. We'd like to know where the company stands regarding the reality of Resolute Forest Products in Canada and Quebec.

The company has entered our forestry industry at a pivotal time. We are currently seeking a kind of balance for all the challenges we have to overcome, whether it be the lumber industry, industrial diversification strategies, trade conflicts with the United States, measures to protect biodiversity, or relations with first nations. We are not hearing anything about these things. We'd like to know where they fit into the company's business plan. That is what workers in Quebec are extremely concerned about in the wake of this acquisition.

I'll now hand it over to Mr. Vaillancourt.

Mr. Gilles Vaillancourt (Union Representative, Fédération de l'industrie manufacturière): Good day.

We also have some concerns about obligations being fulfilled towards the retired employees of Resolute Forest Products. Nearly 4,000 former employees of Resolute Forest Products are currently members of a defined benefit pension plan. Although that fund is no longer taking on new members since it was replaced by a target benefit plan, its sustainability must remain a priority. In the past, we've witnessed transfer-of-responsibility strategies following similar acquisition processes in the forestry sector. We believe that Paper Excellence should formally commit to respecting the obligations arising from this plan and refrain from any type of maneuver likely to reduce the scope of its obligations.

The plan is currently 88% funded and has a solvency ratio of 67%. Ending the plan would have disastrous consequences for members. Transparency with regard to a business plan and the development of the forestry sector is also important. Given its dominant position in the Quebec forest industry and its tangible impact on independent complementary chains, we believe that Paper Excellence must demonstrate more transparency with the relevant authorities about its short-, medium- and long-term intentions.

Workers are very worried. There have been several production shutdowns. Come July, we will have been closed for a total of five weeks since the beginning of the year in Kénogami. There is also talk of a ceiling on kraft pulp exports. The Asian market's demand for quality fibre is high and on the rise. The challenges posed by the loss of access to the resource in certain regions, like the western provinces, where there is a decline in forestry potential, are prompting a shift in investment and a hearty appetite for reliable supply.

In this respect, the forests of eastern Canada are a prime resource. If Paper Excellence were to decide to maximize kraft pulp exports to Asian markets, we believe the results would not be advantageous to Quebec's forest communities or to the processing capabilities of the Canadian economy as a whole. We believe that these exchanges are necessary in order to limit the export capacity of such a major player.

Resolute Forest Products has set up a very interesting and promising plan in our region of Kénogami to produce cellulose pulp. Will we still have enough kraft pulp to produce it, or will kraft pulp be exported? We have a lot of concerns.

● (1745)

[English]

The Chair: Thank you.

I realized that I hadn't welcomed Mr. Gilles Vaillancourt, who just spoke. I understand that Mr. Vaillancourt is a union rep with the federation.

Thank you for your opening statements.

Last, we'll go to Greenpeace representative, Shane Moffatt.

It's over to you, Mr. Moffatt. You will have five minutes for your opening statement.

Mr. Shane Moffatt (Head of Nature and Food Campaign, Greenpeace Canada): Good afternoon.

Thank you, Mr. Chair, for the opportunity to speak today.

My comments are informed by an investigation into Paper Excellence, which Greenpeace Canada and our partners released in October and which is available online.

Our investigation into Paper Excellence's corporate structure uncovered a network of holding companies registered in offshore jurisdictions characterized by high levels of secrecy. Other than its Domtar holdings, its Canadian mills are primarily owned by Paper Excellence Canada Holdings Corporation, incorporated in Canada in 2010. The corporation is itself owned by Paper Excellence B.V., registered in the Netherlands. The owner of Paper Excellence B.V. is Fortune Everrich, registered in Malaysia. Fortune Everrich is owned by yet another Malaysian company, Capital Assets Holdings, registered in an offshore financial centre. At the end of this rabbit hole is Elite Shine Investments Limited, registered in the British Virgin Islands, which is Paper Excellence Canada Holdings Corporation's ultimate owner. Domtar is now owned by holding companies in the Netherlands and Hong Kong.

Paper Excellence represents itself as a Canadian company and denies being a subsidiary of Asia Pulp & Paper or Sinar Mas. However, our investigation revealed family ties, overlapping management and lobbyist filings, indicating that Sinar Mas, in fact, controls Paper Excellence. APP and Paper Excellence can thus be considered sister companies under Sinar Mas. In B.C., lobbyist Moe Sihota registered for Paper Excellence in 2020. In his public filing, he disclosed Sinar Mas as an affiliate with "a direct interest in the outcome of the lobbying". After Paper Excellence bought the Meadow Lake mill in Saskatchewan, it wrote at least six letters to the province on letterhead stating it was "A Division of Sinarmas Group".

Most significantly, Paper Excellence maintains it is solely owned by Jackson Wijaya, the son of Sinar Mas and APP boss Teguh Wijaya. Who exactly is Jackson Wijaya? Is he an owner we never see who lives in Shanghai or Jakarta, or is "Jackson" a code word for the financial interests of a family that owns a global logging empire? Paper Excellence's own SEC filings suggest it's the latter:

"Jackson Wijaya" means (a) Jackson Wijaya, (b) family members of Jackson Wijaya, (c) trusts, partnerships or limited liability companies for the benefit of any of the individuals identified in the foregoing clause (a) or (b)—

It continues.

What exactly is Asia Pulp & Paper's track record?

In Indonesia, APP and its suppliers have deforested over two million hectares of rainforest, including Sumatran tiger and orangutan habitat. Many of its suppliers have conflicts with indigenous communities over land use. Its plantations, which drain carbon-rich peatlands, have been linked to catastrophic fires and massive greenhouse gas emissions.

In Canada, the government says Paper Excellence will comply with federal and provincial laws. However, in Ontario, the logging industry is exempt from the Endangered Species Act, so that won't do much good. British Columbia still hasn't passed endangered species legislation, while Quebec drags its heels on protections for woodland caribou. A recent peer-reviewed study of shortcomings in federal law to protect biodiversity concluded that "biodiversity loss within Canada...suggest[s]...transformative change is needed." Thanks to these weak laws, which the government says Paper Excellence will comply with, forests are already in crisis across the country, with collapsing caribou populations, growing emissions and historic protests. Paper Excellence might market itself as a saviour, but I see a vulture picking struggling forests clean to feed a global empire for the benefit of very few.

The corporate firewalls between Paper Excellence entities present an enormous obstacle to the Canadian public in holding it accountable for its actions, environmental impacts and social commitments. Instead of meekly accepting Paper Excellence's assurances, this calls for coordinated action led by the federal government, focusing on two key areas: first, much greater transparency in the logging industry so we all know exactly who is logging, how it's being done and who is profiting; and, second, much more effective forest regulations to ensure wildlife is being protected, indigenous rights are respected and local communities are benefiting.

With Paper Excellence in town, these measures are more urgent than ever.

Thank you.

• (1750)

The Chair: Thank you.

With that, we have about 15 minutes. We'll go through an abbreviated first round of questions. I'll do three minutes each, and then we will canvass the group following the meeting to see whether we are able to bring them back. This is the second time this group here has been scheduled, so I thank them so much for their flexibility. We'll at least get in quick three-minute interactions.

First up on this side, I have Mr. Hoback.

Mr. Hoback, the floor is yours for three minutes.

Mr. Randy Hoback: Thank you, Chair. Three minutes isn't enough to talk about all the things we want to talk about here.

I'll start with you, Professor Leuprecht.

You make some accusations I'm concerned about, and it's with regard to the process that was used when Resolute was purchased by Paper Excellence and when Domtar was purchased by Paper Excellence.

Was there not proper consultation? Was there not a proper process put in place to review those acquisitions? If there wasn't, what should have been added to the process that would have given it a more thorough review? This was signed off by the minister, so it did go right to the top end of the Liberal government before it was approved. What was missing?

Dr. Christian Leuprecht: My concern is that we didn't sufficiently investigate the rather opaque financial and ownership struc-

tures that have currently been laid out. These are not subject to full disclosure under the current Canadian legislation in the way they would be in the United States, which provides less opportunity for Canadian authorities to flag potential suspect issues.

Mr. Randy Hoback: Fair enough but the exchange in the U.S.... There's a competition bureau in the U.S., which did go through the same process when Domtar was purchased. The U.S. is a lot more hawkish with regard to foreign ownership than any other country, I think, in the world. If no flags were raised in the U.S., why would we be suspicious of flags being raised here in Canada? What's the difference in the U.S. process that is being ignored by the Liberal government here in Canada?

Dr. Christian Leuprecht: I'm particularly concerned about ensuring we have a level playing field in Canada when it comes to foreign direct investment. My concern is that the Canadian process may not be sufficiently robust and adequate to flag from the outset potential issues with regard to a level playing field for all investors.

Mr. Randy Hoback: You don't necessarily have an issue with Paper Excellence. You have an issue with the process that was required, or used, in the approval of the sale of Resolute to Paper Excellence. Is that fair to say?

Dr. Christian Leuprecht: That is correct. That is my only area of expertise here, since I'm not an expert on the forestry industry. I'm an expert on financial crime, and I have significant expertise in financial crime. I do have concerns both about the process and the structures in place.

Mr. Randy Hoback: Thank you.

I'm going to pass it over to Mr. Vidal.

Mr. Gary Vidal: Thank you, Mr. Hoback.

Mr. Nighbor, I believe you were here in the first hour and heard the conversation, so I'm going to really shorten my preamble here.

Can you speak a bit to the regulatory process in Canada that provides the checks and balances around the protection of the timber supply? You heard me talk about forest management licences, agreements, permits and whatever. I'm just concerned about this claim that there are 22 million hectares of timber under the control of, I believe, the provincial regulatory bodies.

Could you maybe speak to that on a broader scale than just Saskatchewan, please?

Mr. Derek Nighbor: Yes. It's important, because it also sets Canada apart globally in terms of the nature of our forests. About 94% of commercial forestry in Canada is done on public or provincial Crown land. You have a bit of private forestry, of course, on the west coast, the Maritimes and small woodlots across the country, but it's primarily on Crown land.

Under provincial government purview, depending on the province, the planning cycle can be anywhere from 100 to 200 years with an interim 10-year plan, and then annual plans that are submitted. They each undergo indigenous and non-indigenous community consultation. You need to worry about every mammal, bird and fish. You need to worry about every body of water.

• (1755)

The Chair: I'm sorry, but we're out of time. Can you please wrap up?

Mr. Derek Nighbor: The point is that there are many steps. I could bury you with the regulatory environment across the country, but it's very robust.

The Chair: Thank you.

We're going to go now to Mr. Blois for three minutes.

Mr. Kody Blois: I'm going to put my questions to FPAC. Certainly, we've litigated and we've raised a number of questions about Paper Excellence, but I want to go a bit broader, because we have the opportunity to hear from you. Most people have seen the headlines and the impact of what's going on in my home province right now in terms of forest fires. We've seen that out west as well. We're frankly seeing it across the country.

Can you give this committee a perspective about the impact on the feedstock? You mentioned that a lot of Crown land is obviously where forestry actually happens. There is some private, but how is that impacting the feedstock for mills?

Mr. Derek Nighbor: First of all, downtime to keep people safe and to make sure people are getting paid, that's the number one priority. Number two, many people don't realize our forestry workers are often on the front line with local first responders, digging trenches and making firebreaks. We're going to know in terms of the age of trees how they have been affected by the fires. Are these younger trees, or are these older forests?

One of the ongoing challenges in Canada is the dead wood that is still in the bush and becomes kindling. Those assessments will be better known over the next six to eight weeks, if we get a reprieve in some of these spots. This is definitely far too early in the year to have Canadians sleeping in hockey arenas.

Mr. Kody Blois: No, it's obviously terrible.

On the dead wood piece in terms of some of the impacts, once a fire goes through, are there any products that are recoverable? I'm sitting here as a member who doesn't have a whole lot of context on that. How do you salvage some of the biomass that might still be...? What products would that go into?

Mr. Derek Nighbor: Depending on how badly burned it is, we have to be careful at our sawmills that some of the wood that's really dry and damaged doesn't become a fire hazard in the mills. Dealing with that type of wood is really tough for the sawmills, but it really depends on the quality of the remaining wood. Can that be used for pellets? Can it be used for pulp and paper? How else can it be salvaged?

Mr. Kody Blois: Can I ask about forestry management writ large? I'm a member of Parliament from Nova Scotia, and we've

been impacted by hurricane-related weather events. These then create situations where there's a knock-on....

Mr. Sorbara, I have the floor, so if you could just shut your mouth for a few minutes....

Mr. Nighbor, in terms of the impact on forestry management in the forestry sector, to avoid the idea of forest fires—I know we can't avoid them directly—forestry management must play a little bit into that. Is there something the government can do to work with the private sector and harvesters to sustainably manage the forest and, at the same time, prevent some of the impacts of forest fires generally?

The Chair: Could you answer within 15 seconds, please?

Mr. Derek Nighbor: We have the national adaptation strategy and the Canadian wildfire strategy. There are a number of tools, but more active management such as thinning is absolutely really critical, and we can reap the benefits of some low-grade wood to bake low-carbon things as well.

The Chair: Thank you.

We're going to go now to Monsieur Simard for his three minutes.

[*Translation*]

Mr. Mario Simard: Thank you, Mr. Chair.

Mr. Moffatt, I don't have a question for you, but I would like to ask you to do something. You explained the link between Paper Excellence and Sinar Mas. Can you submit all documents related to Paper Excellence's ownership structure to the committee?

[*English*]

Mr. Shane Moffatt: I'd be delighted to. Thank you.

[*Translation*]

Mr. Mario Simard: Thank you very much.

Mr. Bégin, I can tell the committee that we attended a meeting with other unions and Minister Champagne, to discuss the sale of Resolute Forest Products to Paper Excellence before the transaction was completed. To be fully transparent, however, the committee should also be told that a watchdog committee was struck, including Mr. Vaillancourt and members from other unions, to voice workers' concerns. To date, that committee has not met with the new owners of the various Paper Excellence facilities, particularly in Saguenay-Lac-Saint-Jean.

What concerns have been raised with the Minister regarding this transaction? Can you just go over the main concerns workers have about the Paper Excellence transaction?

• (1800)

Mr. Louis Bégin: As we mentioned earlier, the workers' concerns relate to the lack of transparency around the transaction. Indeed, no information has been disclosed about the company's vision for the region. The focus is on Lac-Saint-Jean, in Quebec, where the majority of Resolute Forest Products' holdings are located. We are still waiting to see the business plan. Elsewhere in the world, Paper Excellence has a different vision than we have in Quebec.

Earlier, I talked about all our industry activities, among other things. This includes forest harvesting, silviculture, sawmills and the various markets that have sawmills, as well as the wood chips used for pulp and paper, the paper itself, and cardboard. The business plan does not specify whether Paper Excellence will maintain its entire chain of operations: Will some links of the chain be sold off? This is a major concern for the workers.

There's a second concern, related to pension funds, which I'll let Mr. Vaillancourt speak to. However, I can say the following. Earlier, we talked about what we saw in Nova Scotia. In Quebec, there's a particular caveat: when Bowater and Donohue were acquired by Resolute Forest Products, a condition was set to change the pension fund, and that has been done. The old fund is now overdrawn. We're wondering whether this will be recognized in the transaction.

[*English*]

The Chair: Okay. We're out of time on that round.

Now I'm going to have to jump to Mr. Angus, who will have the final three minutes for today's round.

Mr. Charlie Angus: Thank you.

I think what I found really shocking when I started to look into Paper Excellence was trying to actually figure out their corporate structure. There's a whole series of holding companies and all of these offshore shell jurisdictions all over the world.

Mr. Moffatt, I want to ask about how convoluted that is.

I come from the Abitibi region. The Abitibi River gave birth to a paper mill called Abitibi, which at one point was the biggest paper mill in the world. Back then, its head office was in Montreal—we knew where that was—but I don't know what this company is in the Virgin Islands. I don't know the ones offshore in Malaysia. I don't know the one in the Netherlands.

I'm told it's owned by this individual, Mr. Jackson Wijaya, but the corporate filings tell me that Mr. Jackson Wijaya could be an individual or a relative of Jackson Wijaya, or it could be the corporate interests of Jackson Wijaya.

If this is such a good Canadian story, why is it being hidden through so many corporate shell companies?

Mr. Shane Moffatt: Thank you, Mr. Angus. That's a very good question, in my opinion.

One of the questions I find myself asking after our investigations is this: Surely, it can't be an accident that they're structured like this. Why would any company go to all these extreme lengths to create so many corporate veils? There has to be a reason for it, but it seems to me—to be completely honest—that we or the Canadian public still don't fully understand why they've done that.

Mr. Charlie Angus: I looked at the Sinar Mas company. Our first round seemed really surprised we were asking about Sinar Mas when Canadian officials say that Sinar Mas and Paper Excellence are the same company. If you look at their website, their corporate executive team is Teguh Wijaya, Indra Wijaya, Muktar Wijaya, Franky Wijaya and Fuganto Wijaya. The Asia Pulp & Paper company was founded by Eka Wijaya. Now, the individual who is in control of 22 million hectares of Canadian forest is Jackson Wijaya.

Under their corporate filings, which say that Mr. Jackson Wijaya could be any one of those relatives, would that give them a pretty clear legal connection back to Sinar Mas?

Go ahead, Mr. Moffatt.

• (1805)

Mr. Shane Moffatt: I think the connection to Sinar Mas that we've outlined in our investigation is undeniable. It's at multiple levels. It's through multiple connections. Our investigation based itself on public filings in a number of jurisdictions around the world—it's all publicly available—and I think the connections to Sinar Mas are extremely extensive and involve a range of different—

Mr. Charlie Angus: I'm going to have to interrupt you, because I'm running out of time here.

Sinar Mas has a long list of environmental damage allegations. There have been major international campaigns to get companies like Burger King, Mattel and Carrefour to cut ties to Sinar Mas. Asia Pulp & Paper lost its international FSC certification because of damage—

The Chair: Charlie, you're out of time, if you want to wrap it up.

Mr. Charlie Angus: To wrap up, would it be in the interest of Paper Excellence to obscure its connections to Asia Pulp & Paper and Sinar Mas, given the question of its FSC certification in Canada?

Mr. Shane Moffatt: Without speaking to the company's intent, which I have no knowledge of, I would observe that there are certainly benefits to not being associated with Asia Pulp & Paper, including some you've alluded to.

The Chair: Okay, and we're out of time on that.

Mr. Kody Blois: Mr. Chair, I have a point of order quickly.

Very quickly, Mr. Chair, I have the great privilege of getting to work with the honourable member from Vaughan—Woodbridge. He's a great parliamentarian. I got a bit heated as he was rightfully wishing a colleague goodbye. I'd like to remove that from the record in the blues if we could, and add to say how much I think he's a great guy.

Thank you.

The Chair: We have a hard stop of 6:10. We're down to three minutes left.

I would like to thank the witnesses who were here today for joining us. It has been a very abbreviated session. As I mentioned, we will reach out to you through the clerk to see if you would be able to come back. We would normally still have 50 minutes left for questions and answers, so we'll see if we can find a time for almost an hour to bring you back to conclude this panel before the end of the session.

I have two other quick things. I'm going to turn to Mario in one second, but before I do that, Mario, this is the last meeting that we will have with our clerk Geneviève Desjardins, and I'd like to thank her for her support over the past year.

Some hon. members: Hear, hear!

The Chair: Geneviève's moving to a new committee, to Canadian heritage. They're very fortunate.

Geneviève, thank you for all of your support. We have a card and a small gift, and something else here that we'll get to you.

We'd like to welcome our new clerk, Stephanie Bond. Welcome to natural resources, Stephanie.

Some hon. members: Hear, hear!

As a reminder, on Friday, we have, for the first hour, the officials to continue this discussion, and then we will likely go in camera for

the sustainable jobs draft report version two, so come prepared for that.

Now it's over to Mario.

[*Translation*]

Mr. Mario Simard: I think I have the consent of all my colleagues to table a motion of which I have already given notice. I therefore move:

That the committee mandate the chair to write a letter on behalf of the Committee to Jackson Wijaya, Chief Executive Officer of Paper Excellence, to ask him to give his consent to waive the confidentiality of his discussions and communications with the Minister of Innovation, Science and Industry regarding the company's ownership structure and business relationships in the Canadian pulp and paper sector.

This should be done before said witnesses are invited to testify before the committee, in accordance with the motion adopted on March 31, 2023.

[*English*]

The Chair: Is there is any discussion?

(Motion agreed to)

The Chair: Folks, thank you so much. We've had an action-packed meeting today.

The meeting is adjourned.

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