



SEPTEMBER 2024

PROTECT THE CARIBOU WITHOUT BANKRUPTING OUR RURAL REGIONS

By Gabriel Giguère

In June of 2024, the federal government of Canada announced that it would intervene in Quebec in order to protect certain herds of Caribou.¹ Ottawa's heavy-handed approach will entail major economic costs for several of Quebec's rural regions, both in terms of job losses and reductions of economic activity in the forestry sector.

A DECREE THAT WILL HAVE NO IMPACT ON THE SPECIES

The threat of federal government intervention in Quebec's caribou issue² has been looming for several years.³ An emergency decree to come into force after public consultations (scheduled to conclude at the end of October 2024)⁴ is currently being considered, but this would be a first in the matter.⁵

If successful, the decree would protect three herds totalling 265 animals, including 9 in Val-d'Or, 31 in Charlevoix and 225 in the Pipmuacan Reservoir area.⁶ However, this would have very little effect on the survival of the species in Quebec, as the fraction of boreal woodland caribou affected is only between 3.6% and 4.3% of the total population in the province.⁷ The majority of the woodland caribou population—estimated at between 6162 and 7445 animals—is located in the Nord-du-Québec and Côte-Nord regions.⁸

While only a small fraction of caribou will be affected by the decree, the consequences for our rural regions and their inhabitants will be profound.

REDUCTION IN THE AMOUNT OF TIMBER HARVESTED AND SOLD

The federal government has established so-called "provisional" areas, in which timber harvesting will be prohibited. Using estimates of the reduction in the allowable cut from Quebec's chief forester, the Ministère des Ressources naturelles et des Forêts (MRNF) was able to calculate the loss of net merchantable volumes of wood, i.e., the losses that Quebec companies would actually



suffer.⁹ These would amount to almost 1.1 million cubic metres of timber for the forestry sector in our rural regions.¹⁰

Protection of the three herds would affect four administrative regions: Saguenay Lac-Saint-Jean, Côte-Nord, Abitibi-Témiscamingue and Capitale-Nationale.¹¹ For these regions directly impacted by the decree, the forestry industry is a major sector of economic activity, particularly in the Saguenay, which has the largest timber harvest in Quebec.

This reduction in forestry activity would have very real repercussions for employment and economic vitality in the affected regions.

According to MRNF estimates, adoption of the federal decree would result in layoffs of 1990 forestry sector employees.¹² Of these job losses, about half would be connected with the protection of a single herd (the Pipmuacan Reservoir herd) located at the junction of the Saguenay and Côte-Nord regions (see Table 1).¹³ For all three herds, the drop in activity would result in substantial reductions in the forestry sector's GDP in these regions. According to MRFN estimates,

Table 1

Total economic impact and impact per caribou protected				
Herd	Reduction in GDP*	Job losses	Reduction in GDP (per caribou)	Job losses (per caribou)
Pipmuacan Reservoir (225 caribou)	\$93,280,139	1,041	\$414,578	5
Charlevoix (31 caribou)	\$54,324,963	609	\$1,752,418	20
Val-d'Or (9 caribou)	\$30,042,354	340	\$3,338,039	38
Total (265 caribou)	\$177,647,455	1,990	\$670,368	8

* In constant 2023 dollars adjusted from constant 2018 dollars based on the Canadian CPI.

Source: Author's calculations based on MRNF data. (See technical appendix); Statistics Canada, Table: 18-10-0005-01 - Consumer Price Index, annual average, not seasonally adjusted, consulted September 4, 2024.

losses would amount to \$178 million in constant 2023 dollars.¹⁴

A DISPROPORTIONATE ECONOMIC IMPACT

Given the small number of caribou protected by the decree, the economic effects are way out of proportion. For all three herds together, the average cost per caribou protected would come to \$670,368, with eight jobs lost per animal (see Table 1). In Abitibi-Témiscamingue, the cost per caribou is estimated at \$3.3 million and 38 jobs lost. These numbers arise from the enormous economic blow required for the protection of just nine caribou.¹⁵

As for the Charlevoix herd, each protected caribou is expected to cost 20 workers their jobs and to reduce GDP by \$1.8 million. Lastly, for the Pipmuacan Reservoir herd, adoption of the decree would result in the loss of five jobs and \$414,578 per caribou.

Several additional sources of economic loss, such as those linked to potential plant closures resulting from this federal decree, could not be included in the calculations.¹⁶ The reductions in allowable wood volumes may actually force some mills to cease operations completely,¹⁷ but this consequence is not included in the MRNF's model for projecting job losses. Some companies would lose 50% of their wood allocation, making it particularly difficult for them to continue operating.

All of this creates uncertainty for forestry companies that cannot know the extent of the economic impact on their activities. Additional areas covered by the ban on timber harvesting could be added to the federal decree.

If the goal is to protect the 265 boreal woodland caribou in these three herds, the federal government should consider alternative measures for

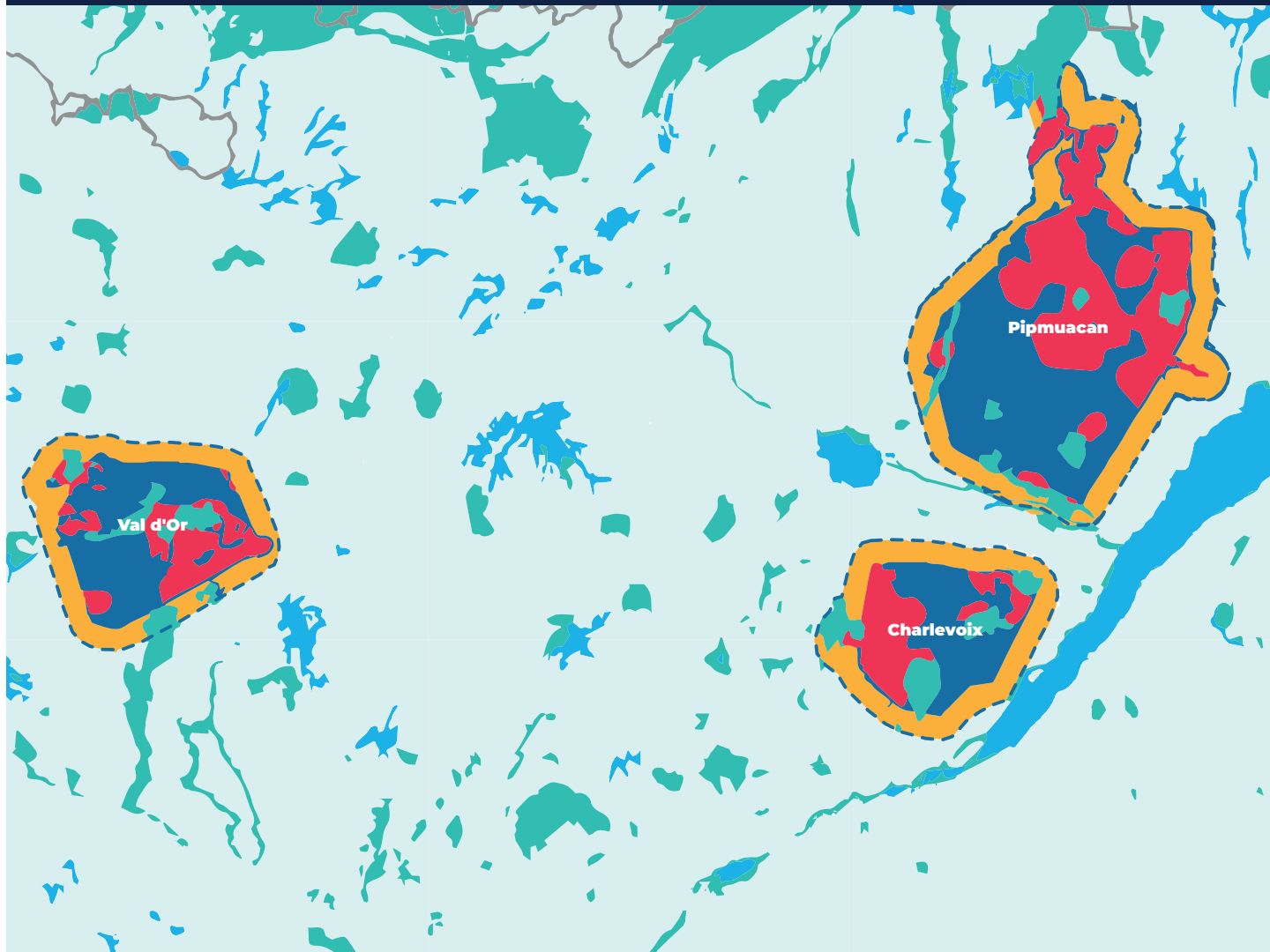
which the economic consequences are less drastic. Otherwise, the people living in the targeted regions will have to relocate in order to find another job.




REFERENCES



1. Government of Canada, Discussion Paper: Proposed scope of an Order under section 80 of the *Species at Risk Act to provide for the Protection of Caribou, Boreal population (Rangifer tarandus)*, consulted August 30, 2024.
2. This is the woodland caribou, also referred to by the Canadian government as the boreal caribou or boreal woodland caribou. Ministère des Forêts, de la Faune et des Parcs, "Revue de littérature sur les facteurs impliqués dans le déclin des populations de caribous forestiers au Québec et de caribous montagnards de la Gaspésie," Government of Quebec, 2021, p. 1.
3. David Rémillard, "Protection du caribou : Ottawa prépare une offensive inédite contre Québec," Radio-Canada, April 12, 2022.
4. Jean-Thomas, Léveillé, "Québec reporte encore la protection du caribou," *La Presse*, June 12, 2024.
5. David Rémillard, *op. cit.*, endnote 3.
6. Government of Canada, *op. cit.*, endnote 1.
7. Author's calculations. $(265/6162)*100 = 3.6\%$ and $(265/7445)*100 = 4.3\%$. Government of Quebec, Caribou des bois, écotype forestier, consulted August 30, 2024.
8. Government of Quebec, Équipe de rétablissement du caribou forestier, *Bilan du rétablissement du caribou forestier (Rangifer tarandus caribou) au Québec pour la période 2013-2023*, produit pour le ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, Québec, Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs, 2013, p. 20–22.
9. See technical appendix. Government of Quebec, Ministère des Ressources naturelles et des Forêts (MRNF), Estimation des pertes d'emplois associées à la prise d'un décret par le gouvernement fédéral, August 29, 2024, p. 7.
10. *Idem*. This includes industries dependent on this wood supply, such as sawmills, paper mills, etc.
11. Government of Quebec, Bureau du Forestier en chef, "Projet de décret d'urgence visant à protéger l'habitat du caribou boréal au Québec – Évaluation d'impact sur les possibilités forestières 2024-2028," July 15, 2024, p. 3.
12. See technical appendix.
13. In fact, these two regions accounted for 27% of the volume of wood harvested in Quebec in 2021-2022. Saguenay-Lac-Saint-Jean has highest harvested volume of any region in the province. Government of Quebec, Ministère des Ressources naturelles et des Forêts, "Ressources et industries forestières du Québec – Portrait statistique 2022," p. 69; *Idem*.
14. The MRNF estimates have been converted to constant 2023 dollars using the Canadian CPI. See technical appendix. Government of Quebec, Ministère des Ressources naturelles et des Forêts (MRNF), *op. cit.*, endnote 9, p. 9. Statistics Canada, Table: 18-10-0005-01 – Consumer Price Index, annual average, not seasonally adjusted, consulted online September 4, 2024.
15. Author's calculations. See technical appendix. Government of Quebec, Ministère des Ressources naturelles et des Forêts (MRNF), *op. cit.*, endnote 9, p. 9.
16. See technical appendix. Government of Quebec, Ministère des Ressources naturelles et des Forêts (MRNF), *op. cit.*, endnote 9, p. 10.
17. Philippe Mercure, "Des communautés en suspens," *La Presse*, August 9, 2024.

TECHNICAL APPENDIX

Areas protected by federal decree



-  Territorial boundary of assignable forests
-  Protected areas in the Register
-  Provisional zones

-  Areas of interest
-  15 km buffer zone

Source: Government of Quebec, Bureau du Forestier en chef, "Projet de décret d'urgence visant à protéger l'habitat du caribou boréal au Québec – Évaluation d'impact sur les possibilités forestières 2024-2028," July 15, 2024, p. 3.



This Viewpoint was prepared by **Gabriel Giguère**, Senior Policy Analyst at the MEI. The MEI's Regulation Series aims to examine the often unintended consequences for individuals and businesses of various laws and rules, in contrast with their stated goals.

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