

to them, I offer condolences to the family and thanks for a distinguished Canadian life.

Mr. Speaker: I would ask Hon. Members to stand for one minute's silence.

[Whereupon the House stood in silence for one minute.]

• (1425)

ORAL QUESTION PERIOD

[English]

TRADE

CLOSURE OF NORTHERN ONTARIO SAWMILL—LUMBER EXPORT TAX

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Minister for International Trade I will direct my question to the Deputy Prime Minister. As a result of the Government's imposition of a 15 per cent export tax on Canadian softwood lumber exported to the United States, Kimberly-Clark, the maker of Kleenex, is closing its sawmill in Longlac in northern Ontario, laying off every worker, and ending an annual production of 20 million board feet of lumber.

Would the Deputy Prime Minister inquire of his colleague as to whether she still calls her sell-out of the Canadian lumber industry to the United States in order to salvage the free trade talks a great victory for Canada? Does she intend to do something to help Canadian lumber workers laid off from their jobs because of the imposition of this tax and the failure of the Government to have any guts in standing up to the American negotiators?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, it is regrettable when any mill closes for any reason. I find the reasons in this case rather perplexing given that that company indicated last year that it had lost \$78 million over a decade. Therefore, it was losing last year. Incidentally, prices have risen by over 17 or 18 per cent since a year ago. Therefore, any company that was marginal last year would certainly be marginal this year.

[Translation]

EXCHANGE VALUE OF DOLLAR—EFFECT ON 15 PER CENT TAX

Right Hon. John N. Turner (Leader of the Opposition): Given these circumstances, Mr. Speaker, I must now direct my question to the Minister of State for Forestry and stress the fact that the 15 per cent tax exceeds the profit margin of Canada's whole forest industry, particularly softwood lumber. And not only did his Cabinet colleague abandon our softwood lumber industry workers when she imposed this 15 per cent tax, but she did not even make arrangements with the Americans to reassess the tax in case the value of our dollar would increase. So my question to the Minister is this: Considering

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the current exchange value of the Canadian dollar, will his colleague have the courage to reopen negotiations with the Americans with a view to repealing this tax?

[English]

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I have indicated in this House, as has the Minister for International Trade, that negotiations are ongoing with the American Government on this particular issue. The Ministers of Forestry are dealing with the replacement measures in the hope of changing from the export tax to other provincial measures.

There are a lot of reasons why any mill closes, varying from inventory adjustments to normal seasonal closures, to upgrading and capital improvements. We do not know the reason in this case and I do not think it is fair to put the blame on any one aspect. This happens regularly at this time of year.

SECONDARY LUMBER REMANUFACTURERS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister talked about marginal companies. His 15 per cent tax is a wider margin than the entire margin of profit of the Canadian lumber industry. His colleague has converted the Canadian lumber industry into sawdust.

Some Hon. Members: Oh, oh!

• (1430)

Mr. Turner (Vancouver Quadra): She admitted in the House that she had neglected, by mistake, to understand the position of Canadian secondary manufacturers in the industry. She gave an undertaking to the House that in January she would go to Washington to correct that oversight. Does the Minister's colleague intend to go to Washington and exempt the secondary remanufacturers, eighty of whom across the country are facing bankruptcy as a result of the incompetence of his colleague, the Minister for International Trade?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, while nobody welcomed the actions of the American producers and the American Government that forced this kind of action, we are dealing with it. We sought the best agreement possible for Canada. Perhaps that is the reason why market prices are up significantly. The price today for eastern spruce pine fir is \$285. At the end of December it was \$266. The market does not show that it is suffering that much.

CANADA-UNITED STATES NEGOTIATIONS—GOVERNMENT ASSISTANCE FOR SCIENCE AND TECHNOLOGY

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Deputy Prime Minister. The Minister for International Trade said on Monday that part of the negotiation in bilateral negotiations with the United States is to include subsidies and other measures, and asking the United States Government to set rules by which Canadian industry can be assisted by the federal Government. Will the