

*Private Members' Business*

Not only do we have to build a stronger industry in order to counteract the problems we face because of the free trade agreement, we also have to look beyond.

If we want to compete on a world-wide scale we must become more organized and pull together. A co-operative mineral-marketing agency would, I believe, help us find new markets for refined minerals and encourage the development of more refining plants, thus helping us achieve a more rational and cost-effective use of our mineral resources.

**Mr. John A. MacDougall (Parliamentary Secretary to Minister of Energy, Mines and Resources):** Mr. Speaker, I welcome the chance to speak on M-73 this evening on this important matter. I would like first to spend some time reviewing the facts so that we can view this issue in perspective.

This is not to deny that there are important challenges ahead in expanding existing markets or developing new markets for Canada's minerals and metals, but simply to provide a reminder that Canadian minerals and metals producers have been operating in an export-oriented environment for some time.

The minerals and metals industry in Canada accounts for about 3 per cent of gross domestic product but almost 20 per cent of total merchandise exports. This indicates in a nutshell the special position of the industry. For while Canada is a world-class producer of many minerals, 15 per cent of the world's zinc, 21 per cent of the world's nickel, 23 per cent of the world's potash, 31 per cent of the world's uranium and 18 per cent of the world's titanium concentrates, to name just a few, our relatively small population generates a limited market for these commodities with which we are so richly endowed.

It is natural, then, that we should look beyond our borders to find customers for the output of our mines and our refineries and smelters. As a result, Canada exports a high proportion of its production of some minerals and metals—96 per cent of nickel production, 93 per cent of copper production, 87 per cent of zinc production and 90 per cent of potash production. These examples are from the high end of the scale, it is true, but a high degree of export orientation is present throughout the entire mining sector.

The fact that Canada exports significant amounts of its minerals should not be taken to imply that Canada does not take advantage of the rich resource endowment to generate economic activity and employment in the further processing of our mineral resources. As I have just suggested in referring to refineries and smelters, and as my colleague, Mr. Johnson, pointed out in the House last October during debate on another motion of the hon. member from Timmins—Chapleau, Canada has a strong processing sector and in the case of certain commodities, most notably gold, nickel, zinc, copper and aluminum, it is world class.

One hundred per cent of nickel ore produced in Canada is upgraded into nickel matte domestically. Furthermore, some two-thirds of this is refined in Canada. About 94 per cent of our gold production in 1987 and 75 per cent of silver concentrates were processed here in this country. More than 56 per cent of copper and of zinc concentrates received upgrading in Canada. We have an aluminum industry which relies entirely on imported bauxite and alumina for its feedstocks.

Here is a good example of further processing in Canada which has developed even without the stimulus of domestically available raw materials. So, it should not be thought that Canada exports the bulk of its minerals in the form of ores and concentrates.

The representatives of Canada's minerals and metals industry and this government recognize that if the sector is to continue to make a major contribution to Canada's economy and to economic development of our regions, we must be prepared to compete head to head in world markets with the world's most efficient minerals and metals producers. This is the motivating force behind the government's commitment to trade liberalization under the multilateral trade negotiations, MTN, to the Canada-U.S. Free Trade Agreement and to tax reform.

The decade of the 1990s will be an acceleration of the dismantling of trade barriers of all types and Canada's minerals and metals industry has both the experience and the know-how to take advantage of the opportunities which will arise as a result.

Throughout the first half of the 1980s, Canada's minerals and metals industry was under intense pressure due to a combination of factors—high world capacity levels and inventory levels, a major slowdown in eco-