

Those discussions and negotiations are presently going on. They are going on with respect to British Columbia and with respect to Quebec. The Hon. Member for Fundy—Royal is becoming impatient. He is dissatisfied, as are the producers in the maritime region, that their particular situation is not being looked at but is being delayed. I suppose more emphasis has been given to the British Columbia situation. British Columbia has paid an enormous amount in that export tax. It has paid some \$220 million already. That is what is getting priority. You must be aware, Madam Speaker, that in order to move to revoke the tax there has to be a meeting of minds. The American and Canadian negotiators must agree to sit down. They have to have a timetable that is mutually acceptable.

I started to say something earlier about the situation in northern Ontario. Although we are talking about the maritime region, we are talking about the same tax. The coalition of American lumber producers, in their strong desire to see some kind of countervail action or export tax, constantly forget that in a region like northern Ontario the costs of harvesting wood, of getting the trees out to a place where you can add value to them either by making lumber and then taking the chips to a pulp and paper mill or getting the wood from the bush to the mill or to the plant, are extremely high. The costs are extraordinarily high. It may be that the stumpage fees are not equal to what they are in the maritime provinces, certainly not equal to what they are at the present time in British Columbia, but they are sufficiently high, and when you couple that with the costs of extraction, you are looking at very expensive wood costs.

There are distances to take into consideration as well. Those who harvest wood are having to go farther and farther all the time to get it. Sometimes the wood is harvested in very difficult terrain. In the spring of the year when there is break-up you cannot get into areas and there is a delay in getting the wood out. There are other seasons of the year, for instance, the dry season when you have forest fires and much of the harvesting operation has to be set aside. During the winter we can have extremely adverse weather conditions, and that adds to the cost as well.

The Member from Fundy—Royal in talking about his region mentioned a point that ought not to escape our attention. In the preliminary affirmative countervailing duty determination, which is the full title for the action of the U.S. Commerce Department, the maritime provinces were not mentioned at all. Ontario, Alberta, Quebec and B.C. were mentioned. New Brunswick and Nova Scotia were not included because they already had stumpage fees that are sufficiently high. They have since been raised; the Member mentioned figures of 27 per cent in New Brunswick, another 10 per cent in Nova Scotia, and that is true. The maritime provinces really ought to have been left out at that time. I raised that matter with the Minister of International Trade and she said:

I can assure you that, during the negotiations leading up to the Memorandum of Understanding, we pressed for additional exclusions, by company,

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product, and region. This did not prove to be negotiable and we could expect the U.S. to insist on a *quid pro quo* were we to reopen the agreement at this time with the objective of excluding the province's remaining exports.

● (1730)

I mention that because I want to tell you, Madam Speaker, and the House that at that moment the Americans had us in a very vulnerable position. They pressed their case, and as a result we have an additional regional disparity for the reasons given by the Member for Fundy—Royal. I would argue that there are also reasons why this adds to the disparity of a region such as northern Ontario.

Mr. John A. MacDougall (Timiskaming): Madam Speaker, I am pleased to speak to the motion of my colleague, the Member for Fundy—Royal (Mr. Corbett), with regard to the softwood lumber surtax. Last year I had the opportunity to be a member of the legislative committee and listened to the numerous groups from across the country which came before it.

I come from northern Ontario and have been involved with the forestry industry there for many years. Seventy per cent of employment in the forestry sector in the Province of Ontario is in the North. The total value of forest product shipments from northern Ontario in 1980 was \$7.3 billion. Eighty per cent of the lumber produced in northern Ontario is exported to the United States. Sixty-five per cent of the pulp and paper produced in northern Ontario is exported to the United States. Seventeen of the 22 pulp mills in the province are in northern Ontario, as are 40 of the 53 largest sawmills, 12 of the 13 particle board and wafer board mills, and 12 of the 20 veneer plants.

Bill C-37 certainly was important to northern Ontario. We had a choice to make, that being whether the tax to be paid should go into the American Treasury or into ours. In the Province of Ontario, \$22.345 million of revenue was collected under the 15 per cent surtax from January to September, 1987. Will those revenues which are now in the provincial coffers be put back into reforestation and infrastructure for the sawmills and pulp and paper mills in northern Ontario? These questions have not been answered by the province and I, as a Member for northern Ontario, would be very interested in knowing what will happen in the upcoming weeks with regard to that money.

The Member for Cochrane—Superior (Mr. Penner) said that there has been doom and gloom in the sawmill industry in northern Ontario. The last eight months have been one of the greatest periods in the sawmill industry in northern Ontario with regard to construction. Over 220,000 homes have been built in the last year. Exports have been moving on a regular basis.

It is interesting that the Hon. Member would have preferred the Americans to make a ruling last October which would have been against northern Ontario, which would not have enabled