

Softwood Lumber

viability. Every sector is affected by the American decision.

In the riding I have the honour of representing I have a range of forest based industries. I want to use as an example one community, Atikokan, and more particularly Suphowie, a neighbourhood settlement where Atikokan Forest Products has its base. Not too long ago that sawmill was in real danger of disappearing, in large part because of the original 15 per cent softwood lumber tax. As part of an economic impact analysis and as part of an attempt, a very successful attempt, I might add, thanks to the Bob Rae government in Ontario, we were able to ensure that mill and a neighbouring mill were going to survive. We looked at the economic impact of that one sawmill. It was not a very large sawmill, it had 160 full-time workers commuting from Atikokan about 30 miles out. The economic impact was quite incredible.

• (0010)

Let me just deal with the Treasury of Ontario and the Treasury of Canada. If Atikokan Forest Products was allowed to close the province of Ontario would lose \$7.9 million in 1991. In the following years it would lose \$9.1 million. That is a combination of a loss of income taxes and whatever corporate taxes there are and an increase in the outputs in terms of UI and social assistance.

The cost to the federal government would be \$11.4 million in the first year and \$5.6 million thereafter. These are very serious economic impacts on a very tiny community.

If we extend that across all of northwestern Ontario, with all of our sawmill communities, we can begin to get a sense of the impact on the Treasury, let alone the impact on the economy of the community the sawmill is located in or near and the regional economy. It is extensive.

The Government of Canada has no choice. It has to fight this latest attack by the Government of the United States. Quite frankly, I do not accept the argument that this decision was made by low-level functionaries who were not following the tune of their master. This is an election year in the United States. George Bush is being hammered by right wing Republicans and by the Democrats. People are looking for "Buy America" and "Amer-

ica First" and he is quite prepared to sacrifice his buddy, the Prime Minister of this country.

The importance of the debate tonight is to say to the Government of Canada that there are thousands and thousands of people out there who want this government to be on their side. This House has a responsibility to ensure that is the case. We in my caucus will continue to put the pressure on the Conservative government to make sure that it starts to speak for Canadians and fight for Canadians, rather than saying yes to George Bush and his buddies.

Mr. Lawrence MacAulay (Cardigan): Mr. Speaker, it is with sadness that I stand in this House this evening. The softwood lumber industry in this country is in a sad mess because the Americans have imposed a 14.48 per cent tariff on our lumber. This will be devastating to the lumber industry and it appears that it violates this disastrous supposed free trade agreement.

We were all told that the deal would secure our markets with the United States. It is certainly obvious tonight that it has not secured anything and it has left this country, specifically the lumber industry and many other industries, in a sad situation.

It is very important to note that we probably had 90 per cent free access to the American market in the lumber industry before the free trade agreement was signed. It is very difficult to call this a free trade deal because in free trade everything moves back and forth freely.

It is quite obvious that this is not exactly how it is. It is only what the Americans choose to take from us. If they choose not to raise the size of the lobster and if they decide there is nothing wrong with the potato then they slap a tariff on the lumber.

When this government put a 15 per cent export tax on Canadian lumber we did so because the Americans said our stumpage fees were too low and this was a subsidy. Since that deal, provincial governments have increased their stumpage fees and the Americans turn around and impose a 14 per cent tariff.

If Canadians eliminate the problem, why are Americans doing this to us now? I say they are doing this because they can get away with it under this deal. The dispute settlement mechanism is so full of holes one could drive a car through it.