

*Softwood Lumber Exports*

should be doing, but they have had every opportunity, as we have had on this side of the House, to raise the matter.

We have brought the matter to the attention of the Government time and time again. I just hope that we have some positive input rather than carping about what the Government has not done or what the Government should be doing and Members trying to credit themselves with creating the initiatives which we have taken as regional representatives and as members of the Progressive Conservative Party.

A wonderful thing about our Party is that we can rise as Members in our places and bring these matters to the attention of the House.

**Some Hon. Members:** Hear, hear!

**Mr. Corbett:** A provision in Bill C-37 would allow the Government of Canada to rectify an inequity which, in my opinion, should never have been installed in the agreement to begin with. A great many producers, and those whose livelihoods depend on a thriving softwood industry, strongly urge the Government to take action to implement Clause 15 of Bill C-37 and to negotiate a regional exemption for the Maritimes.

**Mr. Keith Penner (Cochrane—Superior):** Madam Speaker, I want to begin by assuring the Hon. Member for Fundy—Royal (Mr. Corbett) that I have no intention of attacking what he has done today in bringing the motion before the House of Commons. On the contrary, I wish to commend him most heartily for what he has done.

He is to be commended, although I am sure that in bringing this motion to the attention of the House for a second time he is something of a burr on the saddles of the Minister of State for Forestry and Mines (Mr. Merrithew), the Minister for International Trade (Miss Carney), and the Government in general. I think the Hon. Member exemplifies something that ought to occur more frequently in this House. There ought to be more alliances on important regional sectoral issues. For example, in the House at this very moment there is the Hon. Member for Kenora—Rainy River (Mr. Parry), the Hon. Member for Timiskaming (Mr. MacDougall) and myself from northern Ontario. Each of us knows, although we represent three different political Parties, that the 15 per cent export tax on softwood lumber has been counterproductive for our region. In my own constituency a number of sawmills have closed down and jobs have been lost. It is quite true, as the Minister of State for Forestry and Mines said in a committee meeting not so long ago, that those operations tended to be marginal. They were not big money makers. That is true, they were not, but the export tax was just enough to put them under. Jobs have been lost and they are not very easily recovered. When you come from a resource region, there is great difficulty and enormous capital costs to create a few jobs. When jobs are lost, you cannot find replacements very quickly or easily.

• (1720)

The Hon. Member for Fundy—Royal indicates that the maritime producers of softwood lumber had not been fairly dealt with in the Memorandum of Understanding. They ought not, he argues, to have been subjected to the 15 per cent export tax. His argument is a very compelling one to which he has brought important facts calling for an exemption.

I want to remind the House again, in case there are Hon. Members who have forgotten or did not know why we got this export tax in the first place on our exports of softwood lumber to the United States—

**Mr. St. Germain:** It would not have happened if we had had a free trade agreement.

**Mr. Penner:** We got it because we were circumventing the threat of countervail action from the United States Department of Commerce, an action that had been launched by the coalition for fair lumber trade in the United States of America. I must repeat once again—I cannot let this opportunity go by—that I believe a serious error was made in imposing on ourselves an export tax on our products going into the U.S. What was the alternative? Clearly it was to fight the action through the International Trade Commission and the International Trade Administration as we had done before. We had won on the previous occasion. I remember the action very well because a distinguished constituent of mine, now a Minister in the new Government in Ontario, was at that time head of the Ontario Lumber Manufacturers' Association. He played a key role, along with legal counsel, in Washington in fighting that action. It was expensive for the Ontario producers and for the other producers across the country. It was time consuming but we won and the U.S. Commerce Department declared at that time in its decision that there was no substantial evidence of subsidization.

This time the Government decided not to join the industry and to fight with it. Instead we put a tax on our own exports. The argument made by important spokesmen in the Government like the Secretary of State for External Affairs (Mr. Clark) and others was that we were at least keeping the money in the country. By imposing a tax on ourselves we were not allowing the United States to collect the countervail duty, which money would go into the U.S. Treasury. We now have this tax and we are stuck with it. The tax imposed on us by way of a Memorandum of Understanding signed with the Americans and then translated into Bill C-37 passed by this House is now with us. It is part of the new Canada-U.S. trade agreement that is likely to go into effect in the near future, although with strong misgivings from myself and many others. That tax can be revoked under Clause 15(1) and (2) of Bill C-37 provided certain other actions take place, that is, if stumpage fees are raised sufficiently high that the Americans agree the tax is no longer required. But there must be that American agreement.