

*Private Members' Business*

A product like coal does not have to undergo any processing other than washing or enriching or both, which is usually done on the spot at most coal mining operations in the world. Potash, whether it comes from Saskatchewan or New Brunswick or any other source, is enriched and refined on the spot before being shipped for export. The situation varies where iron ore is concerned. In Australia and Brazil, the ore is so rich that it does not have to be processed into concentrate before it is sold or used in steel production. In Canada, the iron ore is low quality and must therefore be concentrated on the spot before shipping to Canadian and foreign markets.

The situation varies a great deal in the case of non-ferrous metals, and their commercial form depends on various factors: first, the product and the structure of the industry worldwide; second, the location of the mine in Canada; third, the type of ore and its metallurgical properties; fourth, the ore's by-products or co-products, including certain elements such as sulphur; and last but not least, the market.

Let us first look at the product and the structure of the industry worldwide. In the case of gold, whether it is obtained by placer mining or traditional extraction methods, the metal is recovered on the spot. The ultimate refining process takes place at the refinery of the Royal Canadian Mint.

Cooper is a different story. In Eastern Canada, the ore is concentrated, smelted and refined at Canadian facilities. In British Columbia, the ore is concentrated locally and then exported, mainly to Japan, where refineries have been built to process ore from various countries. In other words, if Canada wants to sell copper to Japan, it has to compete with other world suppliers. International competition imposes two pre-conditions: competitive prices and the South Korea are very efficient and are competitive internationally.

The second factor relates to the mines location. Some Canadian mines are in the far North of in areas far removed from Canadian smelters and refineries. When we have mines in these locations, it makes economic sense to concentrate the ore and ship it to a smelter that

is readily accessible, instead of building one at the mine or nearby.

• (1820)

Madam Speaker, the third and fourth factors, namely the types of ore and its metallurgical properties, are self-explanatory. The fifth factor, namely the market, is very important in any discussion about marketing and processing minerals and metals. Everyone knows that Canada's minerals and metal production is largely exported to the United States. Canada's other major markets are Japan and the Common Market countries. What may not be as widely known is that the United States purchases a much larger share of fully processed products. Although there are a number of other factors, the fact remains that tariffs and tariff structures have had a major impact on the direction and structure of world trade in minerals and metals.

Madam speaker, generally speaking, the tariffs on imports imposed by our trading partners were structured in such a way as to establish and protect Canadian processing, semi-manufacturing and manufacturing industries.

Madam Speaker, a major initiative taken by the present government was to negotiate and implement the Canada—U.S. Free Trade Agreement. The agreement's main objective was to create a free trade environment in which Canadian producers, whether they are involved in minerals or other industries, can compete on an equal footing with American producers, on a market reaching two million people. The agreement has eliminated trading policies whose objectives were biased. Government policies had had the effect of interfering with the free exchange of goods by our two countries.

Another measure taken by this government concerns the Uruguay round of multilateral trade negotiations currently taking place in Geneva. In September, Canada tabled proposals aimed at reducing and eliminating as far as possible the tariff and non-tariff barriers that interfere with world trade.

Madam Speaker, through these negotiations we are trying to establish better ways to access markets in the European Community, Japan and a host of other countries. Dismantling some of the main trading barriers will