

Softwood Lumber Exports

respecting the imposition of a charge on the export of certain softwood products. It states that the Government may:

(a) conditionally or unconditionally, and either generally or in respect of a particular transaction, exempt any softwood lumber products from the charge imposed thereon under this Act or exempt any person from the requirement to pay such a charge;

(b) conditionally or unconditionally, and either generally or in respect of a particular trade level or transaction or in respect of a particular province or any area thereof, remove or reduce any charge imposed on softwood lumber products under this Act;

Clause 15(2) provides for a retroactive effect from January 7, 1987. Quite clearly the Memorandum of Understanding and Bill C-37 provide the opportunity for the Government to negotiate a regional exemption.

I wish to state from the outset that the Maritime softwood producers, and myself along with other colleagues in the House, are not the only ones who have called for a regional exemption. I refer to the House of Commons legislative committee of March 24, 1987 which was studying this Bill, at which time they stated in their conclusions that the committee direct the Chairman to convey to the Minister for International Trade (Miss Carney) its desire to have several items dealt with in its negotiations with the United States as soon as possible. Item two of those items was "that those corporations which meet the criteria originally set out be added to the exempt list". There is no question or doubt that the Maritime softwood lumber producers meet this criteria for exemption.

On May 5, 1987, the Senate Committee on Banking, Trade and Commerce wrote in its conclusions and recommendations that the Memorandum of Understanding of December 30, 1986, contains serious deficiencies which must be addressed. The committee specifically noted that negotiators must continue to press for a negotiated regional exclusion for the Maritime producers. That is two bodies of this Parliament, aside from the House of Commons, that have called for the Government to take action to ensure that the Maritime softwood lumber producers are exempted.

As the softwood lumber industry in the Maritimes has acted in accordance with the provisions of the Memorandum of Understanding, and respected the provisions of the law which up to this point had been acting to their detriment, I believe that the Government should initiate and take the course of action that it apparently has taken in the past few days to implement a fairer agreement that reflects the issue of the stumpage realities.

The amount of Maritime lumber exported to the United States affected by this tax is not a great deal of product within the national scope, but within the regional picture of the maritime provinces it certainly has its impact. The decision to impose a national export duty crippled the competitive position of many Maritime producers, as they are now required to pay not only the 15 per cent export tax, but also the highest stumpage rates in Canada. I would suggest that this is a classic example of the old double whammy. It is a fact that when the Memorandum of Understanding was concluded, even at that

time stumpage rates in the Maritimes were the highest in Canada. Since that Memorandum of Understanding has been signed, stumpage rates in New Brunswick have been increased 27 per cent, and stumpage rates in Nova Scotia have been increased by 10 per cent. To give a comparison, at the time that the Memorandum of Understanding was signed, stumpage rates extended from \$1.05 to \$15 in British Columbia, and to \$8 in Quebec. As I mentioned, at the time New Brunswick and Nova Scotia had the highest stumpage rates of any province in the country. In New Brunswick it is currently at \$57, and in Nova Scotia it is \$46. What that amounts to is that stumpage rates in the Maritimes were six to eight times higher than in the four provinces that were specifically mentioned by the American producers to be of concern to the American softwood lumber producers.

Maritime softwood lumber producers rightly feel that this is not fair, and it certainly eliminates their competitive position. They are being penalized by a decision that was reached to rectify a problem that they did not participate in, nor did they aggravate. The U.S. countervail action specifically stated, "that provincial softwood stumpage programs in Ontario, Quebec, British Columbia, and Alberta are subsidies". At no time during the countervailing duty proceedings were the Maritime stumpage fees regarded as a problem or a concern by either the U.S. wood producers or the U.S. Commerce Department.

It is the general feeling among Maritime softwood producers that indeed at that time the Americans would have been agreeable to exclude Maritime softwood under the countervailing duty action. As most people are aware, what happened as a result of that was that five Maritime producers were among a number of Canadian producers that were included in the group that made application to the U.S. and were exempted.

It is generally feared that the inclusion of all Maritime lumber producers with the exception of those five could have a considerable negative effect on the Maritime lumber industry. To date, that has been minimal because of the strength of the market. However, as I mentioned at the outset, there is good reason to believe that this strength will not last.

During the debate on the softwood export tax, much was made of the fact that there were five New Brunswick companies that were included in the exclusion, and that indeed of the wood that is shipped from New Brunswick to the U.S., these five producers account for some 92 per cent. While this is beneficial to the industry, I cannot help but believe that the impact of both high stumpage rates and the 15 per cent tax will in the long run have some very detrimental effects on the industry in the Maritimes should it not be addressed.

• (1710)

The lumber industry in the Maritimes is certainly an integral and vigorous part of our industrial base. It is one that is pervasive throughout our entire economic and social structure. There are 123 mills in Nova Scotia and 93 mills in