

Statements by Ministers

combine the additional stumpage fee increases and the cancellation of the reforestation subsidies, which are not allowed as a result of the Memorandum of Agreement signed with the Americans, the cost of production which used to average around \$5 a cubic metre, will now be in the range of anywhere from \$50 to \$80 a cubic metre. In Prince George the cost was \$4 a cubic metre. It is now \$80.75 a cubic metre. That is an incredible increase for the entire production of that major lumber producing area. Let us take a look at Cranbrook. Dealing in spruce the price goes from \$5 to \$50. In northern British Columbia, dealing in spruce, the price goes from \$10 to \$125 a cubic metre in additional input costs in that lumber area.

If the Minister for International Trade (Miss Carney) and her colleagues, especially her colleagues from British Columbia, are attempting to say that the lumber industry can absorb those kinds of costs in perpetuity, then they are whistling through their proverbial hats. When the market turns down they are condemning the industry to an additional cost of \$10 to a \$125 a cubic metre. That will be the death-knell for many a softwood lumber producer in that region. Will that change occur?

There is a kind of economic convulsion taking place in the United States today. All of a sudden the Americans are going through a major re-organization of their economic system which could be the foretaste of major chaos and which could bring major destruction to the lumber industry.

There is one other point concerning the substance of the Minister's statement. She says, as if this is a great achievement, that further manufactured products will be exempted. Manufactured products were never supposed to be in the agreement in the first place. They were caught there and they have been there for a whole year. All of a sudden the Government is making this announcement as though it were a great big deal, that products have been exempted.

This Memorandum of Agreement set in motion a very dangerous precedent. For the first time, Canada is agreeing that the kinds of programs we have in our resource industries are considered to be unfair trade practices. We have now accepted that in principle and that principle is becoming entrenched in the proposed trade agreement under Sections 408 and 409. All our resource industries will be prevented from applying the kinds of direct support and assistance necessary to keep many of them healthy.

This Memorandum of Agreement is only one further step against the resource industries of Canada perpetrated by this Government in the last few years.

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, in listening to the Hon. Minister's statement on the lifting of the softwood lumber export tax in certain circumstances I was reminded of the story of the person who was observed to be hitting his head against a brick wall. When asked why he was

doing such a thing he replied, because it feels so good when you stop.

I have to challenge the statement by the Minister that there have been no lay-offs resulting from the application of a year's duration of the softwood lumber export tax. The fact is—and the Minister's Parliamentary Secretary in this House had a list—that there have been several lay-offs and closures both of a permanent and temporary nature, and in all cases the imposition of the softwood lumber export tax was cited as a contributory factor; in most cases major, in some cases minor. I have also heard personally about this from operators of some mills. Several producers have closed.

It is true, nevertheless, that there has been an upturn in some sections of the industry and in some parts of the country. That is a reflection not of any inherent worth of this measure but simply of the cyclical upturn in the softwood lumber industry and the strong domestic market. Although we have been accused of being doomsayers, none of us was hoping for unemployment to result. Fortunately, it has enabled the industry in many parts of the nation to ride through the imposition of this measure. That is a reflection, as I said, of the cyclical nature of the industry. Just as the boom must end, so surely the downturn will unfortunately begin and detract many of those who have had to pay this tax.

The announcement is welcome in the Maritimes—

[*Translation*]

—And would also be welcome for mussels that are near the border between the United States and the Province of Quebec.

[*English*]

But let us not be deceived. The impact in the Province of British Columbia of this measure has been cataclysmic. Industry sources estimate up to a 600 per cent increase in management and cutting costs as a result of the softwood lumber export tax, because of the measures introduced to replace that tax and to satisfy the American industry lobby. The Council of Forest Industries recognizes a 250 per cent forest-wide cost increase in wood acquisition.

The Hon. Minister and the Premier of British Columbia are playing whip-saw with this industry. Their approach failed. They got into a blind auction with the Americans. Their first offer on this tax was 10 per cent and their final offer was 15 per cent. It is not only a failure but essentially a cession of sovereignty within the context of Canada's independence.

• (1530)

The Government failed to consult adequately with the industry and, completely *sub rosa*, ceded a constitutional power from the provinces to the U.S. Trade Department.

[*Translation*]

A dangerous precedent, Mr. Speaker, and the present Memorandum of Understanding does nothing to deny this concession.