

Oral Questions

SOFTWOOD LUMBER EXPORT TAX

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my question is directed to the Deputy Prime Minister. He will know that page 34 of the preliminary transcript of the free trade agreement specifically continues an egregious American protectionist measure, namely, the 15 per cent softwood lumber export tax. The Deputy Prime Minister knows that his Government promised Canadians that tax would be lifted as part of a free trade deal. Therefore, can he assure Canadians that his Government has formally proposed and the American Government has formally acknowledged Canada's desire to negotiate the end of this tax?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, I would like the Hon. Member to point out where this Government said that with the negotiations would come the end of the 15 per cent tax on exports of softwood lumber to the U.S. What is taking place at the present time is negotiations between the federal Government and the provinces towards establishing replacement measures in the provinces to get rid of that tax. That is what is going on right now. The agreement ensures that it will not happen again, that is for sure.

● (1500)

CLOSURE OF SAWMILLS

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, the Government knows that the 15 per cent duty has already cost the operations of several sawmills in northern Ontario. Indeed, another one is closing today which will mean the loss of some 300 jobs because it is going on indefinite lay-off status.

The Prime Minister announced a program of adjustment for areas which are negatively affected by free trade. Will those mills which closed as a result of the preparatory concessions made by the Government be compensated and receive assistance under that program?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, if the Hon. Member were fair and looked into the mill closings, of which I have a record here, he would learn that the mills which have closed down had been operating for quite a period of time at a loss. They were inefficient mills. Softwood lumber production is clipping along at a record rate this year. These mills did not close down because of the 15 per cent sales tax.

When that 15 per cent tax is returned to the province it is permissible for the province to use that money to help the workers who are displaced when mills close down.

[Translation]

REGIONAL ECONOMIC DEVELOPMENT

IMPACT OF FEDERAL GRANTS TO MATANE PAPERMILL ON OTHER PAPERMILLS—OPPORTUNITY TO ESTABLISH NEW PAPERMILL

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, my question is directed to the Minister responsible for regional development. Since Abitibi Price's Kénogami factory at Jonquière is investing \$150 million in equipment to produce supercalendered fine paper, the same grade that would be produced at Matane but in this instance, without federal subsidy, could the Minister inform the House whether market studies now being analyzed by our senior officials have shown there is room for a new paper mill producing the same product, and is the Government considering the impact federal subsidies to the paper mill in Matane might have on other, existing paper mills, including the one at Kénogami with its 1,200 employees?

Hon. Robert de Cotret (Minister of Regional Industrial Expansion and Minister of State for Science and Technology): Mr. Speaker, I can inform the Hon. Member that all the necessary sectorial studies that are customarily carried out for projects submitted to DRIE, to ensure there is a market and a demand that can accommodate the business that is to be subsidized in some way or another, either through existing programs or through special subsidies.

These studies have been completed and are, of course, part of the dossier on which an announcement will be made very shortly.

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ENERGY

FREE TRADE—REQUEST FOR DETAILS ON HYDRO-ELECTRIC POWER

Hon. Jean Lapierre (Shefford): Mr. Speaker, since the beginning of Oral Question Period, the Deputy Prime Minister has been referring to the energy question like a self-styled expert. I would therefore like to ask him for some clarification with respect to hydro power.

I would like to ask the Deputy Prime Minister—on page 17 of the Agreement, Canada has agreed to eliminate a discriminatory price test on electricity exports. Will this section allow the Government of Quebec and more specifically, Hydro Quebec, to go on charging the Americans three times as much as it charges Quebec consumers? Will it also allow Hydro Quebec to cut rates for the benefit of regional development? Could the Deputy Prime Minister or the Minister of Finance perhaps explain?