

*Adjournment Debate*

Alberta who are visiting Ottawa this week: Mr. Al Bray, Superintendent of the Alberta Treasury branches, Mr. Chip Collins, Special Adviser to the Alberta Treasurer and Special Adviser to the Superintendent of the Alberta Treasury branches, and Mr. Vic Neufeld, Chief Inspector of the Alberta Treasury branches, who are down here visiting our fair city from our fair province of Alberta.

I would like to reply to my hon. friend. I recognize—and he should also recognize it—that with the free trade agreement restructuring of the Canadian economy is taking place. There are going to be some disruptions because of this restructuring. He should know also that we cannot continue, as we tried to do in the past, to surround Canada with an artificial border, because we are going global in trade and there is going to be some restructuring. He should understand that.

The other thing I would like to remind him about is that above all I and members of Parliament particularly from western Canada would understand very clearly the kind of thing he is talking about in terms of unemployment. The National Energy Program was brought in and the Petroleum Gas Revenue Tax imposed on the province of Alberta and the other western provinces by that government allowed interest rates to go up to over 22 per cent or 24 per cent. Believe me, I understand, as do members of Parliament and the people of western Canada, what can happen, not because of a restructuring and allowing a free economy to go but when we saw the kinds of things that happened with the National Energy Program which wreaked havoc on the provinces and put a lot of people out of work. We remember this very clearly.

I want to get into the memorandum of understanding on softwood lumber. This was done, with the support of the vast majority of producing provinces, to avoid the imposition by the United States of a countervailing duty and keep funds that may have been transferred to the U.S. and Canada. When the government negotiated the memorandum of understanding, this government never intended it to be a permanent measures and the Americans were so notified of this fact.

Since signing the memorandum of understanding in December, 1986, we have negotiated an exemption from the export charged for the Atlantic provinces. As a result

of negotiations following the implementation of replacement measures by British Columbia, that province is no longer subject to the charge. British Columbia accounts for over 60 per cent of production and over 70 per cent of exports of softwood lumber to the U.S.

• (1930)

I am also pleased to note that as a result of negotiations completed last week between the Government of Canada and the United States, in which the province of Quebec participated, we were successful in lowering the rate payable on exports of softwood lumber from Quebec to 6.2 per cent as of November 1, 1990. The rate before November 1 had been 8 per cent as a result of earlier negotiations that had lowered the rate from 15 per cent. The current 6.2 per cent export charge will be further reduced to 3.1 per cent on November 1, 1991 and from November 1, 1992 to October 31, 1994 the export charge will be 3 per cent.

Accordingly, less than 25 per cent of softwood lumber exports from Canada are currently subject to an export charge.

We are, however, aware of the difficult times facing the Canadian forest industry as a result of a number of factors including: the availability of quality timber, changed economic conditions such as the slowing housing market and the increased value of the Canadian dollar, as well as the export charge on softwood lumber. As a result of the changing economic circumstances, federal officials have been working with their provincial counterparts and industry representatives in developing and examining our options with regard to the MOU.

The importance of provincial consultations cannot be over-stated. While there is no question that the federal government is responsible for trade policy, the management of the forest is a provincial responsibility. Any actions that Canada takes with regard to the MOU must be developed in full consultation with the provinces and with industry.

The Minister for International Trade has discussed this issue with provincial trade ministers and our options and strategy will continue to be discussed. The views of all provinces will be considered before any action is taken. Achieving a strong federal-provincial-industry consensus on the issue is critical.