

Adjournment Debate

compared to some sub-tropical regions and the southeastern United States where there is a 40-year regeneration period. In addition, in taking their allowable annual cut the forest companies have taken it out of valley bottoms, easily accessible areas where it has been cheap to log the trees. The trees that remain are up on the mountain slopes, in inaccessible regions, so it is going to be very expensive to get them out. Canadian forest resource material will no longer be competitive, therefore, with those companies that wisely husbanded their resources.

In short, Mr. Speaker, over the years we have seen our forests depleted by fire, by insect and disease-kill and by logging. We have not undertaken reforestation programs to replace the loss. Finally, our forest reserve is no longer what it was. Perhaps the American companies see that it is time to leave this country because the forest base is no longer here.

● (2225)

There is a second very serious aspect. Four of the major corporations which managed the forest and contributed \$13 billion in earnings of foreign export credit in the country have left to return to the United States in an attempt to recapture the market there, to retrench there, to invest there and to reorganize its forests. If they obtain the co-operation of the administration in the United States to pace the recovery market and to fight off the intrusion or penetration of foreign competitors through agencies such as the International Trade Commission, and through some very skillful and very tough-minded trade bargaining, we will find that we will not be allowed into that market again. At the same time they have retained the responsibility for marketing the Canadian products that exist in the international market. It is clearly a suicide mission if there ever was one.

Yesterday I asked the Minister of Industry Trade and Commerce and Minister of Regional Economic Expansion if he would be prepared to intervene in the Crown Zellerbach sale through the mechanism of FIRA and through the direct intervention of the Canadian Government to ensure that the sale of this corporation was in the interests of Canadian people and in the interests of strengthening the Canadian forest industry rather than its fragmentation and gradual weakening. He did not appear to understand the depth of the problem and the doomsday scenario which face Canadians in this very vital industry.

Of course, the second aspect is the international marketing effort. There is a desperate need for a Canadian-controlled international forest products marketing corporation. I hope the Government wakes up in time basically to save this effort for Canadians.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I will try to answer briefly the four questions put to me. We are dealing with the sale of the Crown Zellerbach Corporation of Canada Ltd., a subsidiary of the Crown Zellerbach Corporation of San Francisco. It is correct that this company is negotiating the sale of 84 per cent of its shares and right now, some Canadian as well as American companies have indicated their interest as possible buyers. First of all, I want to stress that an article in yesterday's *Gazette* mentioned the matter. Consequently, it is open for public discussion. In addition, I want to stress first that in the forestry sector as a whole sales have declined by more than 6 per cent in comparison with the same semester last year and second, that wood and paper shipments are down by 9.5 per cent. The fact that the industry is operating at only 80 per cent of capacity accounts for the fact that the American company wants to sell its Vancouver subsidiary. In any case, this very afternoon, the Department of Industry and Commerce received a telegram confirming that a New Zealand firm, Fletcher Challenge Ltd., is currently negotiating with Crown Zellerbach of San Francisco the take over of the assets of the Canadian subsidiary. The negotiations have not been concluded, but they are being actively pursued, and as soon as an agreement is reached—if it ever is, because negotiations being what they are, a satisfactory outcome is by no means certain—the Hon. Member will so be advised. Obviously, before Fletcher Challenge Ltd., from New Zealand, can take over that company, namely Crown Zellerbach from Vancouver, it will have to abide by all FIRA's criteria and requirements which means, as Hon. Members know, that such a transaction must be beneficial to Canadians. Assuming the take over does take place, I want to assure the Hon. Member that the provinces concerned will be consulted as well on this matter. I realize that time is running out, Mr. Speaker, but there are three other matters I would like to raise. First, about the forest industry, it is a well known fact that DREE and the provinces have come to an agreement on the modernization of pulp and paper facilities; Second, there is an agreement on reforestation between the provinces and the federal government, under which the federal government pays large amounts to insure that Canadian forests be of high quality and protected against unstructured deforestation.

[*English*]

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.