

## PRIVATE MEMBERS' MOTIONS FOR PAPERS

### TRADE

#### POTASH—REQUEST FOR CORRESPONDENCE ON SALE TO UNITED STATES

**Mr. John Burton (Regina East)** moved:

That an humble address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence for the period January 1, 1968 to September 30, 1969, between the Government of Canada and the Government of the United States regarding the sale of potash to the United States.

He said: Mr. Speaker, on December 3, 1969 I moved this motion which was placed on the Order Paper early in the session. At that time the Parliamentary Secretary to the President of the Privy Council (Mr. Forest) replied:

Mr. Speaker, the only correspondence that the government of Canada has had with the United States government refers to the procedures followed by the United States authorities in their anti-dumping investigation of Canadian potash exports. This exchange is continuing and in these circumstances the production of papers for the period in question would not be in the public interest.

He then asked if I would agree to withdraw this motion which, of course, I did not do. The first point I want to make is that if, in fact, the point of the government is solely that the termination date of my motion, September 30, 1969, produced a problem, I would be quite willing to entertain an amendment which would extend the date to a suitable date that might be suggested by the government. In this way, all of the correspondence involved, which would give the complete picture, could be made available to the public.

I wish to give my reasons for requesting this information. The first reason is that last fall the Premier of Saskatchewan undertook discussions with potash companies, and more particularly with the Governor of the State of New Mexico in the United States.

● (5:30 p.m.)

During the course of this discussion it was decided to establish quotas on potash production in Saskatchewan. As you know, sir, all the potash production in Canada at the present time is in Saskatchewan. Prices related to the quotas were established. In other words, a quota would be established for a company only if it honoured the price commitment which was made, namely, \$18.75 per ton. The Department of Industry, Trade and Commerce and any other federal agencies

#### *Potash Sale to United States*

which might have been involved appeared to have come into the picture only at a late stage.

The minister confirmed that there had been discussions between Washington and the Canadian government and between the Canadian government and the Saskatchewan government, but he appeared to wish to keep silent about the nature of those discussions. I believe it is important to know what the Canadian government said in the United States about this matter and what exchanges took place. I appreciate that consent has to be obtained from the United States government before its correspondence can be tabled.

Saskatchewan says that it obtained a good deal—based, apparently, on a production level of between 50 per cent and 55 per cent of total capacity. The question is: Was this deal in the interests of the United States potash companies who have holdings both in Saskatchewan and in New Mexico? Were these United States potash companies the real gainers in this arrangement?

We are all, no doubt, familiar with the development of the potash industry in Saskatchewan. Two mines were started before 1962 and each encountered considerable technical difficulty because of water problems. Once this difficulty had been overcome, construction on three more mines began in 1963 and early 1964. But when the new Premier came to power he wanted to push industrial development in line with his election platform, with the result that over development occurred. New production capacity was developed before obtaining the necessary markets; in other words, the supply of potash was far ahead of the demand. This is an example of poor planning in an important new industry. When the Premier of Saskatchewan found he was in a box, he embarked upon the discussions to which I have referred and approved the deal involving quota and price.

When the potash companies appeared before the Finance Committee recently in connection with the white paper on taxation hearings they stated that \$18.75, the price presently paid, was marginal in terms of present production levels based on the quotas established. They also stated that if the mines were in full production, unit costs would be much lower. I have heard it suggested that unit production costs might be as low as \$11 or \$12 a ton at full production level. It is plain that Saskatchewan could out-produce the United States in the production of potash and that we have a competitive advantage. It