

*The Budget—Mr. Sharp*

those of the European economic community, the European free trade association and the United States they must be permitted to operate within our much smaller economy on the most rational and efficient basis possible. They must not be forced or induced by sectional economic policies to fragment their operations or produce in areas that are basically unsuitable for the type of industry concerned. Their products must receive fair and reasonable treatment throughout our country regardless of their centre of operations.

In his remarks the other day the hon. member for Peace River (Mr. Baldwin) referred to "steps recently taken by the Quebec government in banning the export of lumber", which he depicted as improper both legally and otherwise. It seems to me, Mr. Speaker, that his words reflect some misunderstanding which I think should be corrected. As I read it, the announcement made by the minister of mines and forests for the province of Quebec was to the effect that it was intended to enforce more strictly existing legislation concerning logs for lumber and veneering purposes taken from crown owned lands.

Apparently it is the intention of the province of Quebec now to enforce regulations which have been in effect for many years governing the use of logs taken from timber limits under lease from the crown in the right of the province. I see no constitutional question involved here. The lands under these timber leases are the property of the crown. The conditions under which the limits may be enjoyed by the leaseholders are matters of contract between the leaseholders and the crown. I believe it is correct that every province in Canada with major forest resources attaches important responsibilities to the use of logging timber leases whether for manufacture of lumber, plywood, pulp and paper or other forest products.

I might suggest to the hon. member for Peace River that he examine the statutes of his province affecting the conservation and use of natural resources, particularly oil and gas. I see no suggestion that what is intended in Quebec is "banning the export of lumber" as was stated by the hon. member. The government of Quebec is concerned with the supply of logs for manufacturing within the provinces as governed by conditions attached to the leases. As I think I have indicated previously to the house, I have had some informal conversations with members of the Quebec administration about this matter and the minister, Mr. Cliche, has recently made a statement on this point that I hope members of the house will find reassuring.

In making these remarks I do not wish to belittle the concern of the hon. member for Peace River. Like him, I am concerned about the question of barriers to trade and about economic sectionalism generally within Canada because I believe that freedom of trade between the provinces is of the utmost importance to the health of the Canadian economy. There is a heavy responsibility upon all of us, whether we are in provincial or federal governments or whether we are in our respective legislatures, to ensure that any intervention we make will strengthen and not weaken Canada. I can say for the federal government that we will discharge that responsibility.

I am hopeful that by building up the habit and practice of co-operation between federal and provincial authorities in the trade field we shall be able increasingly to reconcile divergent regional interests. At the conferences of federal and provincial trade ministers and officials during the past three months, which I and my officials called, we sought to find ways of working together more effectively in promoting Canada's external trade. While the federal government has the responsibility to take the leadership in this field, the provinces, we have recognized, also have a vital role to play.

Matters relating to external trade policy are, of course, the sole responsibility of the federal government. Canada must be able to speak with one voice at international trade conferences and negotiations and must be in a position to enter into international trade agreement commitments and to fulfil them. I should like to say to hon. members that this was acknowledged by all the provincial ministers without exception.

All of this brings me to make a few remarks about the forthcoming round of tariff and trade negotiations, as the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) invited me to do during this debate. In his budget speech the Minister of Finance (Mr. Gordon) referred to the prospect that these negotiations, known colloquially as the Kennedy round, would rank with the important trade negotiations that have taken place under the auspices of GATT since the end of the war. Hon. members may recall that the basis of these forthcoming negotiations was the decision of the GATT trade ministers last May when I attended the conference in Geneva on behalf of Canada. At that time several things were decided which I should perhaps recall: First, that the trade negotiations should begin on May 4, 1964; that the negotiations should be based on the principle of reciprocity; that there should be the widest possible participation in the negotiations; that