

*Canada-U.S. Free Trade Agreement*

When the Minister talks about stabilizing the industry, he also knows that he is almost stabilizing some parts of the softwood lumber industry out of business. Last week, I talked to the manager of G. W. Martin Company in Sault Ste. Marie. It is a very large operation, employing 700 people. Since 1986, the appreciation of the Canadian dollar has cost it an extra \$1 million more than what it was making in January, 1986. The export tax is costing it \$750,000. It is at a point where it is not making any profit at all.

If this deal is so smart, why did the Government not index it to the exchange rate between Canada and the United States? The G. W. Martin operation in Sault Ste. Marie is actually losing almost 30 per cent from what it was making in 1986 as a result of the softwood lumber deal and the export tax of 15 per cent. I can assure the Hon. Minister that it is not stabilizing the industry in northern Ontario, it is destabilizing the industry. If there is a downturn in the U.S. housing market, things will be a total disaster.

Fortunately, the Ontario Government was smart enough not to put on a new stumpage charge because it would cost the industry three times as much, as it did in British Columbia. They are maintaining an export charge which, in itself, with the appreciation of the dollar, is a disaster for that industry in northern Ontario.

**Mr. Siddon:** My hon. friend stated in the closing part of his remarks that there is a downturn in the U.S. housing market. I do not think that has anything to do with the free trade agreement. It has a lot to do with the state of the U.S. economy.

In 1987, the forest industries of Canada had unprecedented profits. Rather than putting a 30 per cent countervail duty in the U.S. Treasury, we kept 15 per cent in Canada and put it back into the ground in the form of reforestation.

I am told that the three companies in northern Ontario that he spoke of were on the verge of serious financial difficulties because they had not kept pace with the evolving trend of technology in the industry. This leads to the basic point and principle of this agreement.

• (1250)

If industries fail to modernize and find ways to diversify and add value to their product, they will, of course, be faced with failure. The very heart and soul of this agreement is that it encourages value added processing. It encourages a situation where we bring in the best technology, and maximize productivity. Instead of exporting chips, particle board or two by fours, we are able to export a wide range of finished products to the world. That is happening in British Columbia right now. I have seen major investment in my own riding in British Columbia in world-class technology to process finished products from our wood fibre. The same is happening in the fishing industry—

**Mr. Langdon:** Time.

**Mr. Siddon:** —if the Hon. Member will allow me to complete.

**Mr. Langdon:** On your own time.

**Mr. Siddon:** In the fishing industry, a full two-thirds of all of our fish that come out of our seas go to the United States market. In the last two or three years we have seen tremendous increases in the processing before export of those fish.

**Ms. McDonald:** Time.

**Mr. Siddon:** As a result of the policies of this Government—

**Mr. Manly:** You sold out the B.C. fishery.

**Mr. Siddon:** —and the additional processing of—

**Ms. McDonald:** Time.

**Mr. Langdon:** Point of order.

**Mr. Siddon:** —the fishery of Canada, the exports to the United States, is worth almost \$20,000—

**Mr. Langdon:** Point of order.

**The Acting Speaker (Mrs. Champagne):** Point of order, the Hon. Member for Essex—Windsor.

**Mr. Langdon:** I think the Member is well over his time.

**Mr. McDermid:** They cannot stand the truth so they call it time.

**Some Hon. Members:** Oh, oh!

**The Acting Speaker (Mrs. Champagne):** I can assure the Hon. Member for Essex—Windsor (Mr. Langdon) and the Hon. Member for Broadview—Greenwood (Mr. McDonald) that I can count. The question and comment period started at exactly 12.42. For three minutes the Hon. Member has been asking for the time to be expired. I can assure the Hon. Member that there were 30 seconds left in the time for questions and comments. I will give those 30 seconds to the Hon. Minister after which I will recognize the Hon. Member who will have her 20 minutes like everyone else.

**Mr. Siddon:** Thank you, Madam Speaker. The final point I want to make is that in my own area of the fishery, the average income to a Canadian fish plant worker or fisherman, from our exports to the United States, is almost \$20,000.

**Mr. Manly:** You put 4,000 jobs at risk.

**Mr. Siddon:** If the Hon. Member would allow me to conclude. There has been a 10 per cent increased access by way of eliminating these export tariffs on value added products. Crabmeat, fishsticks and TV dinners will add 10 per cent of income in the back pockets of every one of those fish plant workers, an extra \$2,000 a year, and that is an illustration of the benefit the agreement will bring to all industrial sectors of Canada.