

Softwood Lumber Exports

Brunswick coast, clear across the province, through Maine and into Quebec.

We know that there are sound reasons for varying stumpage rates even within the province. For example, there is legislation in the Province of Quebec where rates are increasingly being set by a type of forest management agreement, and which also depend on the use made of the particular log and the value added that the log will undergo in its transformation to a final product for sale.

The Hon. Member for Fundy—Royal made a very persuasive case for the exemption of the maritime provinces from this 15 per cent softwood lumber export tax. It is a persuasive case but one that I regret to say is impractical. The key word the Hon. Member used, and which all of us must remember in debating this particular topic, is the word "negotiate". The Hon. Member himself referred to the fact that there never was a case within the United States for the imposition of the softwood lumber export tax on the maritime provinces based on the stumpage rates that pertained then and certainly not on those that pertain now.

The Minister for International Trade (Miss Carney) was quoted as saying that it was not practical to move the maritime producers off the negotiating table. It is that key negotiation phase on which, unfortunately, the Hon. Member's motion appears to be doomed to failure.

The Hon. Member made the arguments for the New Democratic Party very well. He mentioned that the American transportation routes are now being used to ship British Columbia lumber into Ontario markets. I was not at all surprised to hear the Hon. Member taking rhetorical swipes at the Opposition. For example, he asked where we were all summer when his caucus has been on top of this issue. I was not at all surprised to hear those rhetorical swipes because I think the Hon. Member realized how thoroughly and effectively he had demolished the Government's case for this over-all 15 per cent lumber tax and that he had better retrieve his position with his own caucus.

As he said, the Maritimes should never have been included in the agreement. I am sure it comes as no surprise to the Hon. Member that no Ministers are here to hear him excoriate the agreement in those terms.

We know that the Prime Minister (Mr. Mulroney) held out the promise of the repeal of the 15 per cent softwood lumber tax under a free trade agreement. We hope and expect the Government to be successful in achieving that, and we look to it to make it happen.

I believe it is worth repeating some comments made by informed professionals and analysts within the industry. It was said that we were taken to the cleaners. In an article in the *Ottawa Citizen* on January 10, an expert was quoted as saying:

If I were an American producer, my position would be that we've softened up the Canadians. If Canada felt it was necessary to rush in and negotiate in this case, it's possible they could file a petition in another industry and hope we would do the same thing.

In an article in the *Ottawa Citizen* on November 7, detailed examples were given by the President of the Green Forest Lumber Corporation of the ways in which this 15 per cent tax is having invidious effects upon the Canadian industry.

I disagree with the Hon. Member for Timiskaming (Mr. MacDougall)—whose riding in northern Ontario is closer to New Brunswick than it is to my riding of Kenora—Rainy River—when he said that the industry is not suffering in northern Ontario. Indeed, it is.

The Hon. Member for Cochrane—Superior did not list those mills in his riding that have closed, so I will mention them. They include the Terrace Bay mill, the Longlac mill, Kimberley-Clark at Nakina. Surely the Hon. Member for Timiskaming should be aware of the wafer board operation at Smooth Rock Falls having closed down as well. There was the recent but fortunately short shut-down of the Hudson Mill in my riding.

In effect, this 15 per cent softwood lumber export tax has facilitated the dumping of American product into the Canadian market, with no possible means of redress because it is Canadian measures that are making it possible. The imposition of the 15 per cent softwood lumber export tax essentially limited Canadian access to the U.S. market by raising the price of the Canadian product—be it British Columbia, Ontario or a maritime province product—in the U.S. market. Of course, this reduced the demand for Canadian lumber and a good year in residential construction in the United States increased the output of American mills. The Americans have lowered their unit costs and now have lumber that is surplus to their own requirements. Naturally, they are looking for a market and are able to sell with impunity into the Canadian market, undercut Canadian producers and thus essentially use our softwood lumber export tax to which the federal Government agreed, not only to deprive us of access to the American market but to deprive us of access to our own market. That is why the tax should be repealed, not only for the Maritimes but, indeed, for the whole of the industry in this country.

• (1750)

Mr. Fred McCain (Carleton—Charlotte): Madam Speaker, first, I would like to draw to the attention of the House that contrary to the remarks made by opposition speakers to this moment in time, recognizing the difficulty which it faced and the inequity of the proposed application by all of those who were lobbying in the United States to get a much, much higher level of duty than that presently imposed as tax in Canada, the Maritime Lumber Bureau was very satisfied that the Government of Canada had in fact driven the best deal it possibly could for the maritime lumber industry. Probably it would have been much worse had the only impact upon that duty been the declaration of the rate of duty by the American Department of Trade and Commerce as influenced by the lobbyists in the United States. Anyone who feels on experience of application of former such duties that this was a bad deal, had better examine some of the other deals.