

Softwood Lumber

Really what the industry in the United States needs is a massive increase in lumber prices. What it needs is a massive increase in log prices.

It works particularly well for companies like Georgia Pacific which have large tracts of privately owned land. Every time log prices go up, the price of the property goes up. It is the consortium Georgia Pacific in the south that is pushing and that created the problem this time in the United States. It is not the Pacific northwest producers because they know what their problems are.

There are some people in the United States who have a great incentive to bring about this action, despite the fact that this action will also result in an increase of between \$1,000 to \$3,000 for every home that is going to be built in the United States.

The cost of this imposition, this tax, has to be passed through to the consumer of the United States. It cannot be any other way. Our industry cannot absorb it. It will either shut down and create new demand or else the price will go up and the result will be the same.

What the Americans want is a level playing field, they tell us. How can that be? How can there be a level playing field? It is not possible. We have 90 per cent public ownership in our country. It is up to provincial and federal governments to establish the economic rent that we want for this natural resource. Public ownership in the United States is roughly 26 per cent. It has mostly a privately owned resource. There is a profound difference.

• (2030)

In our country we have roughly 453 million hectares of forest land. A quarter of that is under timber management. We have horrific problems in our country living up to the very serious international obligations we have as custodians of 10 per cent of the planet's forests. We do not just manage our forests for timber. We manage them for the ecology in terms of the environmental equations and in terms of all the other measures that are there. So there cannot be a level playing field between Canada and the United States.

As I said, we also have a much different view of our obligations to manage. We have agreed in the green plan to set aside 12 per cent of our entire space, huge areas of

forest land that have never been accessed with roads and other infrastructure.

To put it bluntly, we do not intend to allow our good neighbours to the south to manage our forests and to tell us what our obligations are not just to our neighbours but to the rest of the people of the world.

Some say, and we will hear it tonight, that we should not have got ourselves into this mess in the first place or that perhaps we should not have terminated the MOU when we did. Some will say that the free trade deal is at fault too. I have heard that said by some of our opposition colleagues.

Let me remind them that when the situation was dealt with in 1986 we did not have a free trade deal. If they would have mounted the effort we are mounting now in 1986, there would have been a great risk and the provinces did not want to take the risk.

In the first eight months of the 15 per cent MOU tax we collected and sent back to the province of British Columbia over \$300 million. This was money that would have accrued to the treasury of the United States. We did not have a dispute settlement mechanism. We did not have a tribunal to go to as we have now. We are in a much different situation. Thank God for the free trade deal because we now have access to doing these kinds of things. Now we have a dispute settlement mechanism at the end of this current process.

How does this current process work? It is important that we put that into its proper perspective. There are four steps to it as there were the last time. There is a preliminary round which determines first of all injury. It has to be proven by the proponents in the United States. Then there is a preliminary subsidy determination.

That is the stage at which we are now. We have had now a preliminary subsidy determination which imposes a tax of roughly 15 per cent on top of what we have already had before.

One could argue that in the case of British Columbia and Quebec we would have been better off not to offset the previous determination and paid a tax over the years and perhaps we would have escaped the new finding. It is grossly unfair because B.C. and Alberta will have a new imposition of the same amount as the other provinces have that did not offset. I am not entirely sure that this is not a cynical design to break the solidarity of the