

I urge all Members of the House to support Motion No. 7, moved by the Hon. Member for Winnipeg—Fort Garry, which states:

That Bill C-37, be amended in Clause 14 by adding immediately after line 29 at page 10 the following:

“(4) Revenue derived by Canada from the charge imposed on softwood lumber products under this Act and payable to the provinces according to subsection (2) may be applied by the province to the awarding of contracts for silviculture, roadbuilding, recreational, and other foresting activities on a non-competitive basis”.

That is the way to send a message to the United States,

[*Translation*]

—that we are masters in our own house.

[*English*]

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I want to participate in this report stage debate on a Bill that has extreme importance to my constituency of Thunder Bay—Atikokan and all of northwestern Ontario. It is one area of the country that depends on the forest industry for much of our economic livelihood.

The Government's decision which has resulted in this Bill has a very great impact on us. We have already seen softwood lumber mills close as a direct result of the tax, and others are in jeopardy.

The amendment moved by the Member for Winnipeg—Fort Garry (Mr. Axworthy) is very similar to the motion that was moved by my colleague, the Hon. Member for Skeena (Mr. Fulton), but ruled out of order.

This motion basically allows the provinces to spend the revenue for silviculture, roadbuilding, recreational, and other foresting activities on a non-competitive basis.

Clearly, the provinces must be able to use this revenue to assist in the reforestation and ensure their longevity.

Over the years we have argued about policies of provincial Governments as well as harvesting companies and whether or not enough is being done for reforestation, recreational use of the forests and the construction of roads.

The Canada-Ontario forest agreement provides for federal funding for silviculture, for road construction, and other aspects of providing for our forests. It is very sensible to ensure that the funds being extracted from our forest industry can be recycled in that industry. I do not believe this will jeopardize the ability of the Americans to compete with us if they have a quality product and the dollar is such that there is balanced competition. However, I believe it is very important that the legislation state that the provinces have a right to spend the money in the forest industry. If not, the money will be diverted to other areas at the expense of the forest-based industry.

It is my understanding that this amendment arises from a letter from Malcolm Baldrige, U.S. Secretary of Commerce, and Clayton Yeutter, U.S. Trade Representative. Mr. Yeutter is the United States Trade Representative. In a letter to the

Softwood Lumber Products Export Charge Act

Chairman of the Coalition for Fair Lumber Imports he states, and I quote:

We would consider that the follow-up actions by the governmental bodies in Canada could have the effect of offsetting or reducing the export charge or replacement measures within the meaning of paragraph 6 of the Understanding.

● (1700)

He lists some of them, including awarding contracts for silviculture, road building, recreational and other foresting activities on a non-competitive basis. Those are very interesting words. What he is trying to say is that the United States does not want us to be able to do that, and that the lobby for the lumber industry in the United States is in effect telling its Government to dictate to our Government and, therefore, to the people of Canada, how we should manage our forests and how we should spend the money which we are duly collecting supposedly on behalf of the people of Canada.

I think that is an insult to the integrity of the Government and the people of Canada. I would hope that all Hon. Members will agree to accept this amendment so we can give that right—it does not say the provinces must do it but that they may do it—to spend the money on matters directly related to the forest industry.

Mr. Maurice Foster (Algoma): Mr. Speaker, this is an important amendment before us, as the entire Bill is important and the whole issue is important, because it really sets a tone for the relationship between the Government of Canada and the United States, which has been essentially designed to appease in every way any relationship where Canada might be standing up as a sovereign nation. The entire legislation and the approach of the Minister and the Government has been that way since last June when this issue first got under way.

The amendment before us at report stage was moved by the Hon. member for Winnipeg Fort Garry (Mr. Axworthy). It is an amendment to Clause 14 of the Bill. It provides that:

Revenue derived by Canada from the charge imposed on softwood lumber products under this Act and payable to the provinces according to subsection (2) may be applied by the province to the awarding of contracts for silviculture, roadbuilding, recreational, and other foresting activities on a non-competitive basis.

I think that is an amendment which should be passed just to show that the provinces will not be intimidated by the actions of the United States. If the Government does not accept this amendment we will know that it is really scared and totally intimidated by the letter which was sent by Mr. Yeutter. The letter is dated December 30, 1986. I do not believe he spent New Year's Eve preparing it. He outlines in very clear terms that the United States will move against Canada under Section 301 as provided for in the agreement if Canada moves to support the provinces with the export charge with regard to roadbuilding and those other activities.

The letter states very clearly under item 10, and I quote:

We would consider that the follow-up actions by the governmental bodies in Canada could have the effect of offsetting or reducing the export charge or