

*Adjournment Debate*

That telegram really tells it all. It outlines exactly how the softwood lumber industry, one of the largest employers in Canada, has been undercut by the Government's decision to knuckle under and negotiate a side deal with the U.S. Government rather than fight it out in the courts.

In this case, it involves a sawmill that employs some 300 people that will be shut down in a week or two due to the Government's undercutting of the Canadian Forest Industries Council which I understand has spent some \$8 million preparing and fighting that case before the U.S. trade tribunals. It has been undercut by the Minister for International Trade who has done so many flip-flops this year it is difficult to tell on which side she is flopping right now.

When the International Trade Commission made its preliminary ruling in July, the entire forest products industry was going to fight the imposition of a countervail duty. Some time in September or early October, the Minister made her commitment to make a final offer of a 10 per cent side deal rather than fight it all the way. When the decision was made with the International Trade Commission and the Department of Commerce in the United States, they imposed a 15 per cent countervail duty. The Minister stood up in the House and said that she would fight that all the way. That went on for several weeks.

At the First Ministers meeting in Vancouver, after having a *tête-à-tête* with Secretary Baldrige in Washington, suddenly she advised the Ministers that she would make another final offer of a side deal at 15 per cent. That is where the Canadian Forest Industries Council parted company with the Minister. I believe a lot of the provincial Governments are parting company as well. They were told she had a deal and 24 hours later she did not have a deal, so no one knows where the whole situation stands.

● (1810)

However, the workers at Nairn Centre, Ontario, know where they are going to be. They are going to be out on the street in a week or so. Likewise the workers at Searchmont, Ontario whose mill was shut down earlier. One hundred and fifty workers were laid off. The stud mill operation at Dubreuilville, Ontario is operating at about a third of its capacity because it simply cannot pay the level of countervail duty. The prices on two by four studding has not risen. The mill is absorbing the total countervail imposed by the United States. The same thing is happening at the sawmill at Terrace Bay. It is certainly an extremely serious situation.

What is being applied to the softwood lumber industry, if the Minister capitulates rather than fight this through the trade tribunal in the United States, we will have to face on other lumber commodities, certainly on every dollar of softwood lumber we sell to the United States. That could be applied to almost every commodity. It really impinges on our sovereignty because in effect the United States is dictating the price of our commodities. Even though we like to think we are a manufacturing country, we still depend to a great extent on these resource industries. Therefore, I hope the Minister will

stand firm and fight this countervail as we fought it successfully in 1983 and not continue to capitulate, trying to make a side deal which has very bad overtones for the future of our industries in northern Ontario, many of which are shutting down at this very moment because of the way the Government has mismanaged this matter.

**Mr. John McDermid (Parliamentary Secretary to Minister for International Trade):** Mr. Speaker, there were more wrong statements in the seven minute speech by my hon. friend, the Hon. Member for Algoma (Mr. Foster), than I could possibly cover in the three minutes I have to reply. However, I will cover some of it. First, the action which was brought against the four provinces was brought by the United States industry. It was brought against the four provinces by the U.S. Commerce Department after presentation was made by the U.S. lumber industry through the countervailing system, which is American law, the same way as the Canadian corn producers, through our Canadian law, have brought an action against the American corn producers. There is no linkage between those two. It is American law.

**Mr. Foster:** The Government didn't try to make any side deals.

**Mr. McDermid:** I sat and listened to the Hon. Member and perhaps he will extend me the same courtesy. Before a preliminary decision was rendered by the Commerce Department, the unions, the lumber industry and the provinces requested the federal Government, and the federal Government agreed, to try and reach an agreement outside of the preliminary decision. That was not accepted. The preliminary decision came down. Many representations were made and, as a matter of fact, representations are continuing to be made on this particular issue.

After meetings with the provinces for a couple of days, and then attending the First Ministers' Conference, it was decided that they would attempt once more to try to solve this problem once and for all so we could get those workers back to work. One of the reasons they are not selling lumber right now is the uncertainty in the industry. The Americans want our lumber. It is of much higher quality than theirs. It is competitively priced. However, with all of this uncertainty they are not buying right now. That is why the mills are closing down. We want to clear that muddiness as quickly and as properly as we can. If we can reach an agreement outside the Commerce Department decision, then the matter will be decided once and for all.

● (1815)

The Hon. Member has bragged that the case in 1983 was won, but the problem was not solved. The problem still exists and the American industry has spent hundreds of millions of dollars fighting the Canadian lumber industry. It will continue to do so if we do not reach a settlement outside that agreement.

By the way, I have met with the Mayor of Terrace Bay, the union people and sawmill operators from the North. They