

*Softwood Lumber*

infamous 14.48 per cent provisional duty which, according to what we hear, should become permanent later this year.

In 1986, when we put into place the MOU, the Memorandum of Understanding with the United States, it was a shared responsibility with the provinces for, as you know, forest management like all resource management is under exclusive jurisdiction of the provinces. Of course, under the Constitution, the federal government can enter into international treaties or negotiate international agreements, which is what it did when it accepted the MOU with the consent of the provinces.

Americans were claiming then that we were giving unfair subsidies to the industry, which had the effect of distorting the American market. This was discussed with the provinces and we came to the conclusion that by imposing a 15 per cent export tax, we could keep the proceeds on this side of the border. This was a compromise, since the Americans were requesting a 30 per cent tax. We managed to bring it down to 15 per cent. In every Canadian province new structures were put in place, including extensive changes to the way this natural resource was managed, the way the forest was developed. I am thinking about Quebec in particular which passed a new law on stumpage fees in public forests. Stumpage fees charged to companies were increased. Much stricter measures were put in place with positive results. We managed to reduce the 15 per cent tax imposed at the start to 3 per cent.

The government decided to terminate that agreement at a certain point in time because it then believed, and it still believes, that Canada's way of managing its forests did not create any trade distortion and that free market could now give way to competition, to the delivery of Canadian wood on the American market. In any case, the Americans are not doing us any favour when they buy Canadian wood, they need it. They are not being neighbourly, they are buying our wood because it is of high quality, because we can offer it in good enough quantities and because their building industry has needed it at a rate of between 25 and 30 per cent over the last few years.

The Americans are saying we are damaging their industry, so they impose that new 14.48 per cent tariff. A look at our exports show they have decreased in recent years. How much of a "distortion" can we create on the local American market when in fact our exports to the U.S. are decreasing? Mr. Speaker, I think this excuse makes no sense, it does not stand analysis, it can only be

explained by narrow partisanship, by the fact that there is an election campaign going on in the States. If one practices excessive protectionism, Mr. Speaker, one reaches a point where the situation becomes extremely paradoxical.

I am thinking of course of all those Americans who will want to build a house during the coming year. By decreasing substantially their importation of Canadian lumber, by adding a 14.48 per cent tariff to the cost of the product, the United States is creating a situation where the onus will be on the consumer, he will have to foot the bill. It will not be only Canadian consumers or Canadian workers, but also American consumers.

You know, Mr. Speaker, that in the United States the economic development or recovery is as bad as ours, if not worse. I think that the Americans took totally arbitrary decisions. I maintain my position. I also agree with what the Prime Minister said, that this is not the way to treat an ally, a friendly country which has signed a free trade deal, the most comprehensive one that exists and that is a model in the present GATT negotiations. You do not treat that way an ally who supported the Americans in several issues these past few years. You do not act that way by giving the excuse that, for a few moments, for a few months, a neighbouring country will develop a higher protectionist measure than is within the norm in order to satisfy political interests.

Mr. Speaker, the presidential election will come and go, but there will always be people who will have to work with other countries. At the GATT, we also sit with other countries. We know that when Americans decide to be virtuous, as they enjoy explaining it to us at the GATT, we can remind them that it's fine to speak of virtue, but it's another thing to practice it, particularly when they try to impose on us a preposterous 14.48 per cent duty.

I can give examples, because it is possible to say that we, on the Canadian side, are not 100 per cent objective, but rather biased. Take for example companies in Quebec—for the province is greatly affected by this American decision—and think about what Americans have done last March 6. You can state the criterium approximately as follows to apply this 14.48 measure: "are exempted from the countervailing duty all businesses which get their lumber supply exclusively from the U.S., or from private woodlots situated in Quebec, or partly from public forests in Quebec, but in quantities such that the financial advantages of these purchases, according to the American method of calculation, are minimal or insignificant, representing what is known as the *de*