

response to market forces. One Congressman told reporters, "There was a clear understanding that market forces must determine prices in the future" (*The Citizen*, January 25).

The statements made by the Congressmen concerned Ray Skelly (NDP, Comox-Powell River), who issued a press release January 26. "Does this mean the government is now prepared to sell natural gas to the US at bargain basement prices?" he asked. "There seems to be a view that Canada is the banana republic of the north, prepared to lower its prices at the whims of the market . . . A reduction in the price of our natural gas exports to the US will mean reduced revenues and drastic cuts in federal and provincial government programs . . . Any change in the pricing agreement at this time will only play into the hands of the US in any future energy negotiations between the two countries." In the House of Commons that day, Mr. Skelly asked Energy Minister Chrétien for assurance that he would not cave in to the US pressure.

The Energy Minister responded: "In terms of the price for future exports, I am waiting for the report of the National Energy Board which is supposed to be published tomorrow in which they will decide if there is surplus and to whom they will give the licence for export. It is only after that that we will have to decide about the price."

The NEB report determined that there was a surplus of natural gas, and that currently authorized export volumes could safely be doubled to 11.5 trillion cubic feet over fifteen years. The US had previously been the only market for Canadian natural gas, but the NEB also authorized the sale of about twenty percent of the surplus in the form of liquified gas to Japan by Dome Petroleum. The granting of the licence must be approved by the Canadian Cabinet. The diversification of Canadian markets was officially welcomed by the US State Department, which said that the proposed sale to Japan would serve its interest that friends and allies should have secure energy supplies. Privately, though, the NEB approval of the supply of gas to Japan was reportedly viewed by US officials as providing Canada with more leverage against the US pressure to reduce gas export prices (*The Citizen, Globe and Mail*, January 19). Canadian and US energy officials were scheduled to meet in Washington on February 1 for further consultation.

Subsidization of US Wheat Exports

A US program which gives indirect subsidies to US grain producers contradicts the US position at the recent General Agreement on Tariffs and Trade (GATT) meeting. Lorne Nystrom (NDP, Yorkton-Melville) told the House of Commons December 2. "Last month the United States announced a blended credit program, which is a new export program for subsidizing the exportation of wheat from that country. It is worth about \$1.5 billion over the next three years," Mr. Nystrom said. External Affairs Minister Allan MacEachen responded that although one of the problems not solved at the GATT meeting was the question of ceasing subsidies, a work program had been established to deal with trade in agricultural products.

The following day, Mr. Nystrom sent a letter to International Trade Minister Gerald Regan expressing his party's concern about the US Blended Credit Program. A major component of the program is an interest-free direct government export credit which would make it next to impossible for Canadian grain producers to export to the countries

offered the US credits, he said. Mr. Nystrom also suggested in the letter that Canada create a similar program if the US does not withdraw the Blended Credit Program.

Canadian Lumber Exports

During December hearings were being held in the United States into alleged unfair subsidies to Canadian lumber exporters. In November, the US International Trade Commission (ITC) decided that imported lumber from Canada appeared to be injuring the US lumber industry. The ITC was expected to make its final ruling by March 7, 1983 after investigations into the alleged subsidy and injury. If it upheld the US lumber industry's claims, countervailing duty against Canadian lumber imports would be imposed. The November preliminary decision, and the later hearings caused serious concern to the Canadian lumber industry and to politicians who had been making representations in the United States.

MPs in the House of Commons expressed their concerns about the US investigation in December. On December 16, Frank Oberle (PC, Prince George-Peace River) asked the government what it was doing to represent Canadian interests. Prime Minister Trudeau responded, "In sum, what we are doing is cooperating with the industry and the Province [British Columbia] in presenting our case to the United States tribunal to indicate that this is not a question of hidden subsidy or of dumping, and that the complaints by the United States lumber industry are unjustified in this particular case." Mr. Oberle then asked if, because an imposition of a 65 percent countervailing duty would spell the demise of the lumber industry in Canada, the government had considered any reciprocal action if this duty were to be imposed. Mr. Trudeau said that he thought that, as in other recent cases, "sound reasoning" would prevail in the United States. External Affairs Minister Allan MacEachen said that he had discussed the matter fully with US Secretary of State Shultz during a meeting in Ottawa in October, and again in Brussels in December.

The next day, Lyle Kristiansen (NDP, Kootenay West) also expressed his concern. He was assured by International Trade Minister Gerald Regan that Canada had made very strong, appropriate representations in the United States. The Trade Minister explained that the lumber action in the US was difficult to come to grips with because it was not an action by the US administration or Congress, but action taken by a part of the US lumber industry under existing statutes. British Columbia government officials also campaigned in Washington against the threat to the two billion dollar industry by engaging Washington lawyers to prepare written rebuttals to the arguments of the US lumber companies (*The Citizen*, January 7).

"Buy American" Law

New protectionist legislation in the US was signed into law by President Reagan January 6. It was part of the Surface Transportation Assistance Act Authorization legislation, which effectively excludes Canadian concrete and steel from US-funded highway and bridge projects. Canadian officials in Washington told reporters that they were unable to calculate how much the "Buy American" measure would cost Canadian cement and steel companies,