

*Softwood Lumber Products*

For many years Canada has helped the United States meet its lumber requirements. Canadian lumber has filled the gap between United States consumption and domestic production. When markets are good, the United States has encouraged Canadian companies to increase production to meet United States needs for wood products. When markets are bad there have been periodic attempts by some U.S. producers to restrict Canadian lumber imports. Each time Canadian industry has never been found to be anything but a fair competitor with its United States counterparts.

In 1982, a minority group of United States producers filed a countervailing duty petition against Canadian import policies, lumber policies and lumber imports. The United States Department of Commerce, through the International Trade Administration, the ITA, undertook a detailed investigation of the Canadian lumber industry. The American Department of Commerce ruled in 1983 that the Canadian lumber industry was not receiving any significant government subsidies in Canada. That decision had a sound, legal and factual basis and was not based on mere technicalities of U.S. countervailing duty law.

Since that ITA decision, Canada has not changed any of its long-standing policies. Unfortunately, accusations of unfair competition have been revived to try to lay the blame for current industry conditions on Canadian lumber. Congress, to curb Canadian wood product imports, called for quotas and tariffs. Others advocate changes to United States countervailing duty, in effect, changing the rules of the game so that it can be replayed with a stacked deck against Canada.

At this point, the United States threatened to slap a huge countervailing tariff against Canadian softwood lumber. Canada had a choice of one of several things. It could scream foul, press for a decision by ITA and, if necessary, appeal to GATT internationally. That was the first declaration the Government made. The Minister of State for Forestry and Mines (Mr. Merrithew) and the President of the Treasury Board (Mr. de Cotret) said it was the Canadian Government's view that the preliminary countervailing duty in October was flawed in law, inconsistent with established U.S. practice and in some important respects based on erroneous assumptions. That was the first reaction of the Canadian Government to American threats.

Then this incompetent Government lost its nerve. The Minister for International Trade (Miss Carney) huffed and puffed and made a so-called final offer. On September 30, 1986 our Canadian Trade Minister made her first final offer to the United States to settle the dispute by offering to raise provincial stumpage fees by 10 per cent; a compromise already, a sell-out. Then on November 26, 1986 she made her second final offer, this time to impose a 15 per cent export tax on Canadian softwood. The offer was rejected by the U.S. industry coalition. On December 12, 1986 she rejected a U.S. counter-offer to accept the 15 per cent export sell-out on the grounds that the U.S. demanded its say on how the provinces would manage their resources. Finally, on December 30, 1986,

Canada caved in and signed a Memorandum of Understanding with the United States that did, indeed, impose a 15 per cent duty for which the Americans were asking on exports of softwood lumber products, and according to the U.S. interpretation of the Memorandum of Understanding, also severely restricting Canadian provincial management of our own resources, our own forest management, our own replanting programs and so on.

The result is total confusion for the Canadian forest industry which totally opposed this sell-out, loss of markets in Europe and Japan, the laying off of workers and the spin-down effect of lost jobs in related sectors to the lumber industry. Now the Government wants to stuff this agreement down our throats by way of this odious Bill C-37 to implement this odious agreement.

Why were we sold out to the Americans, Mr. Speaker? The answer is not hard to come by. Canada could have taken the courageous way. We could have taken on the Americans, as we did in 1982 and 1983 under a Liberal Government and faced them down and made them prove that they were unfair before the Department of Commerce, ITA and the GATT in Geneva. Before those bodies we could have argued the case. We could have called the Americans bluff, as the Leader of the Opposition (Mr. Turner) has pointed out.

The ITC prepared a report released September 23, 1986 that the United States lumber industry was not being hurt by Canadian lumber imports and the decision, we are told, could well have gone in Canada's favour. Even if we had lost that argument there—it appears we would not have, it appears we would have won—we still could have appealed to the GATT in Geneva. This American threat of countervail is unfair. It is as unfair now as it was unfair in 1982 as it was unfair in 1983.

Why did the Government cave in and sell our forest industry into slavery? Because the Prime Minister (Mr. Mulroney) has an obsession to be loved by the Americans, to be in their tent, to get a free trade agreement of some kind, any kind it would appear. First fish, then shakes and shingles, and now we find the forest industry is being sacrificed. Next comes our softwood industry. In other words, it has to be the one to suffer and sacrificed in order that we will not annoy the Americans. Canadian workers in the forest industry have had to be sacrificed to appease Americans.

Canadians are rubbing their eyes. They are becoming annoyed at seeing Canada being used, taken, mocked and, worst of all, ignored. That is why the Prime Minister desperately needed to get Bush up here once again to bluff and posture, only this time to pretend that he is tough. The P.M. now knows that Canadians realize that he has gambled through appeasements and fawning and lost.

Canadians are becoming increasingly incredulous and outraged as they realize that the Government is so corrupt, so confused and so lacking in direction that it is betraying our national interest by bad judgments and incompetence. In his misguided and amateur effort, the Prime Minister thought