into them. Our sovereignty is undiminished and, if at some future date we were to decide to terminate the agreement, that too would be an exercise of sovereignty.

What has Canada agreed to do in this agreement? During the course of the negotiations the U.S. coalition made many demands upon Canada. It is fundamental to understand that under existing U.S. trade law any interest group in the United States can bring this kind of action against any Canadian export. This is why we are seeking to negotiate a new trade treaty with the U.S.—to change these rules so that we avoid these kinds of border disputes.

One of the demands which the U.S. coalition sought was to establish a floor price regardless of market conditions. It sought to dictate how Canadian stumpage policies would operate. It demanded specific changes in provincial systems within a defined time frame, with a joint supervisory committee to oversee the changes.

The opposition Parties forget that what the U.S. coalition was asking for was a $1.1 billion increase in stumpage in one year. That is what they were seeking, and that is what they did not get. That is almost three times the existing levels of stumpage collected in the country.

If the idea of the joint board had been accepted, the U.S. Government would be able to dictate how our policies should be made and implemented. That was totally unacceptable to Canada, and we rejected it out of hand.

The U.S. administration has expressly recognized Canadian sovereignty in its statement of January 2, wherein it said that "The United States Government will not be concerned with how Canadian authorities make changes in their forest management practices. When they do so or what form these changes make. These are matters for Canadians to decide."

I also assure the Opposition that I personally telephoned Mr. Yeutter, the U.S. trade representative, to make it clear, in terms of the letter which was quoted, that the U.S. had a choice—either we had an agreement on the terms that the U.S. accepted with the statement I have just read from Ambassador Niles, or the U.S. would be in contradiction of the agreement it had just signed. These are all the essential qualities—

Mr. Axworthy: What did he say?

Miss Carney: The Opposition asks: "What did he say?" They issued the statement; that is what they did. They issued the statement which said: "These are matters for Canadians to decide".

The Hon. Member has been spreading misleading information about this matter in a way which is detrimental to the national interest.

The only item which is the subject of consultation and agreement is the calculation of the value of any changes in the export tax, because the export tax is a 15 per cent tax at the border. At some point in time it is planned to phase it, in whole or in part, into increased stumpage, if that is what the provinces wish to do, and the U.S. has the reasonable right to ensure that the conversion from an export tax to stumpage meets the criterion of 15 per cent.

It must not be forgotten that if the countervail had been imposed, Commerce officials would have been coming into Canada, as they did on the preliminary determination, and would have verified provincial and industry books. They would be in the forest services records, they would be in the forests, and they would decide unilaterally how we were going about this method. That unacceptable practice has been avoided.

Under the agreement the information we will provide to the U.S. is essentially in the public domain and does not involve U.S. officials entering Canada to audit and verify it. Reaching this agreement is a major accomplishment. When compared with a suspension agreement, the settlement is infinitely preferable. Like a suspension agreement the money stays in Canada but, more important, the intrusive policing of provincial management practices which a suspension agreement entails has been avoided.

What the Opposition also fails to realize is that if the countervail had gone into effect as expected—and I hope every B.C. Member is conscious of this—the Canadian forest industry would have been faced with a double whammy of both a duty and an increase in stumpage, because the only way one can get rid of a countervail is to increase stumpage to the point where the Commerce Department in the U.S. unilaterally decides that the alleged subsidy was offset.

Here we have an industry which now has a 15 per cent tax that with a countervail would have had both the tax and increases in stumpage to offset it—a 30 per cent plus double whammy. We knew that the Canadian forestry industry could not sustain it. We negotiated the settlement because we knew the double hit of 30 per cent plus would break the industry.

In this we were supported by the IWA which said that the negotiated settlement was absolutely essential. I would like to read the particular paragraph where the IWA said: "We would suggest that many negative comments have been both ill-informed and ill-founded". The IWA also told us: "We ... strongly believe that it was absolutely essential to conclude a negotiated settlement with the United States which will guarantee that the increased taxes on softwood lumber shipments to the United States be kept in Canada".

I am really looking forward to British Columbia NDP Members of Parliament returning to their ridings, because the IWA has stood by this even when the NDP asked them to back off. The NDP asked them to back off, and the IWA would not. The IWA has been barnstorming around, saying: "This is the letter which we sent the Minister and this is the letter we stand by".