

*Softwood Lumber Products Export Charge Act*

usual in Canada because the Government has not said no to American pressure, and we have seen what they can do in one industry.

Before the issue of the film industry came up we had the issue of the softwood lumber industry. It is a sad day when we have to debate the extremely intelligent, well thought out and reasoned amendment of my colleague, the Member for Winnipeg—Fort Garry (Mr. Axworthy). I urge all Members of the House to support this amendment to Bill C-37 as it makes intelligent, good sense. We want the right to stipulate how tax dollars raised on our goods will be spent.

I am going to read into the record a letter which was sent to Mr. Dennison by Mr. Clayton Yeutter and Mr. Malcolm Baldrige. According to that letter, we are talking about \$500 million to \$600 million. That is not peanuts. That is a lot of money. It could be used to rebuild our forests, to build roads, to expand Canada as we see fit. The provincial Governments, on whose territory this money will be raised, should be able to use this money in the manner in which they determine.

The question is whether we will show broad-mindedness or narrow-mindedness by accepting or rejecting this very sound amendment which would tell the Americans to stay home, that we know how to look after our own business. The amendment would tell the Americans that we know how to manage our own economy, not to tell us how, that we wish to determine for ourselves through our provincial Governments how we are going to handle our money, that we are not passing the buck to them and did not ask them to stick their nose into our business. That is essentially what we will be doing by saying yes to this amendment.

My colleague, the Member for Winnipeg—Fort Garry, said that we are talking about the role of Government and the role of the Parliament of Canada. He was calling upon all of us to be parliamentarians, to forget about our partisan point of view in this instance and think about the well-being of Canada.

● (1650)

I see that one of my hon. friends opposite is not particularly pleased. That is unfortunate.

Let us consider the letter that was sent to Stanley Dennison, Chairman of the Coalition for Fair Lumber Imports, on behalf of Secretary of Commerce Malcolm Baldrige and U.S. Trade Representative Clayton Yeutter. It indicates that when the export tax is removed, future provincial stumpage increases must raise lumber prices at the border by an amount equivalent to the 15 per cent export tax.

The letter further indicates that certain actions will be considered to be in violation of the agreement, including the awarding of contracts for silviculture, road building, recreational, and other forestry activities on a non-competitive basis.

The provincial Governments have stated that they wish to use the funds from the export tax for reforestation, among other uses. If one interprets the United States position correctly, the letter seems to indicate that some of these uses

may be regarded as indirect subsidies to the industry. The Government should have taken the issue to GATT originally. The Americans went to GATT on the corn issue, but the Government did not see fit to use that route with respect to softwood lumber.

Now the Americans are trying to tell us what we should do with what they perceive to be an indirect subsidy.

The Canadian Government has declared that the letter has no standing in Canada and that the document does not reflect the terms agreed upon in the memorandum of understanding. The letter states:

Dear Mr. Dennison:

Several questions have arisen in the course of the negotiation of the recently signed U.S./Canadian softwood lumber agreement. We record here the understanding of the U.S. Government with respect to several of the key provisions of the agreement. These understandings have been conveyed to the Government of Canada although they have not been explicitly expressed in that agreement.

First they twist our arm and tell us what they think, then they tell us how to proceed. The letter continues:

First, as the 15 per cent export charge is a substitute for a countervailing duty, and is being imposed for the purpose of offsetting Canadian stumpage subsidies, the U.S. Government intends that collection of the charge will begin immediately upon withdrawal of the countervailing duty petition, effective on cessation of bonding. The charge may be collected by either the Government of Canada or the Government of the United States. We intend that the charge will be collected until agreed replacement measures have the equivalent economic impact on average on each unit of exports to the United States as the 15 per cent charge or that portion of it which is being replaced.

The United States would not object to replacement measures being implemented by individual provinces and the export charge being reduced or eliminated accordingly for such provinces.

Second, the U.S. Government will monitor closely the operation of this agreement to insure that the amounts collected through the export charge or replacement measures are not returned to or otherwise used to benefit producers or exporters of Canadian softwood lumber.

We will see later that they list 10 areas in which they will absolutely not agree to our having any say about how we should handle our undertakings.

They point out that the export charge represents at least \$500 million and they want a right to have a say in what should be done. In point 10 they state that they would consider that the follow-up actions by the governmental bodies in Canada could have the effect of offsetting or reducing the export charge or replacement measures within the meaning of paragraph 6 of the understanding. They specifically point out the measures that they will find unacceptable. I do not have time to read them all, but point 7 is the awarding of contracts for silviculture, road building, recreational, and other foresting activities on a non-competitive basis.

The letter is signed on behalf of Clayton Yeutter, U.S. Trade Representative and Malcolm Baldrige, Secretary of Commerce.

Is this a fair and unbiased situation in which to place the industry, the Government and the House of Commons?