

A letter sent to the U.S. Lumber Coalition on behalf of the U.S. Commerce Secretary and Trade Representative regarding the interpretation of the softwood lumber agreement has come to my attention and I regard it with great concern.

Recent media comment has focussed on this letter without carrying comment from the Canadian Government. I consider it essential, as the chief negotiator, to set the record straight from our perspective.

While the letter appears designed to comfort the U.S. Coalition following negotiations in which the Coalition had to back away from its demands, I am concerned that the wording of part of the interpretation is at variance with the very specific and carefully negotiated language of the agreement itself.

The agreement is clear and precise. It states, and I quote:

"The Government of Canada may reduce or eliminate the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production.

"Any such modifications in the export charge will be made by the Government of Canada. Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two governments."

The Coalition had sought through the Administration a direct role in how Canadian forest management systems would operate. They demanded specific changes in provincial stumpage systems within a specific time-frame, with a joint supervisory committee. This was obviously unacceptable to Canada, and we rejected it out of hand.

Even in the face of American threats to break off negotiations, the Prime Minister's direction to me was explicit. There would be absolutely no negotiation on any direct or indirect intrusion into our sovereign right to manage our resources as we felt appropriate.

How we make changes, when we make changes and what form we make changes in Canadian forest management systems are exclusively for Canadian Governments to decide. These are the elements that lie at the heart of "sovereignty", i.e. our