

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I appreciate the opportunity of saying a few words on this tax on softwood lumber that has been imposed through our Government's acquiescence to the requirements of the United States. It is a major loss of sovereignty on the part of the Canadian Government. The speed with which the Government acquiesced to the requirements of the United States was almost indecent. The decision to take this action provides not just a simple solution to one problem but has an impact on all related forestry industries as well as many other industries. With the loss of sovereignty which this implies, the Government of the United States can step tomorrow or next week into other Canadian industries.

For instance, there is already considerable concern in the United States that the Canadian pulp and paper industry is taking what Americans consider to be unfair advantage. The key phrase of the American protectionist vocabulary is their definition of unfair advantage. They have said that they do not mind trade of any kind as long as it is on a level playing field. However, what really is an unfair advantage? Canada has many remote areas in which the harvesting of lumber is difficult. If we were to suggest that because of the cost of transportation in the remote areas, we should allow harvesting there without charging any stumpage fees at all we would be told immediately that we could not do so. A side effect of this agreement has been that it has become impossible to begin harvesting lumber in many remote areas of Canada. The lowering of the price, which is another effect of this tax measure, will give two reasons for remote areas to either quit harvesting or never begin harvesting. Any advantage the Government might suggest would be considered an unfair advantage by the United States Government and the Americans would immediately react by imposing further tariffs. The point I am making is that any advantage we try to give any industry in Canada can now be designated by the U.S. Government as an unfair advantage if we try to sell the product into their market, and subject that product to a countervailing duty.

● (1250)

The NDP has for years been lamenting the fact that the provinces and the federal Government have not been spending enough money on forestry. I suppose if there is any advantage to this Bill it is that there will now be some money to be spent on forest development. However, the U.S. interpretation of how that money can be spent is very restrictive. According to Clayton Yeutter, the U.S. trade representative, and Malcom Baldrige, the Secretary of Commerce, we cannot use the money for silviculture, to provide grants, low-cost loans or other benefits to the industry. They also suggest they will take action if there is a reduction in stumpage fees or other changes. We have forests in Saskatchewan which, because of the cost of transportation, cannot be harvested unless we assist the industry. Therefore, they cannot be harvested without endangering an agreement which was bad to begin with.

Softwood Lumber Products Export Charge Act

When the Government made this agreement it was, theoretically, to assist the sale of Canadian softwood lumber into the U.S. market. However, all the peripheral effects of this agreement appear to be negative for other parts of Canada and other industries in Canada. The methods used by the U.S. to get its way in this case can be used to hurt many other industries. We have a long tradition in Canada of attempting to assist industry with its problems, and I suppose many people in the forest industry would feel better if at the same time it took this decision the Government said it would address the problem of job losses and closing of mills which will occur. Yet it appears that the Government has no real concern for the primary producers of this country; the farmers, fishermen and lumbermen who have now all been affected adversely by the policies put forward by the Government. What is next, the pulp and paper industry?

[*Translation*]

Mr. Carlo Rossi (Bourassa): Madam Speaker, I am pleased to take part in this debate on the 15 per cent softwood lumber tax. The Hon. Member for Vancouver Centre and Minister for International Trade (Miss Carney) refers to Canada-United States Memorandum of Understanding paragraph 5(a) as being the sovereignty clause because it relates to the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production—Clause 2: Softwood Lumber Production—The export charge measure tabled on January 19, 1987 provides that recourse may be made to the Memorandum of Understanding to interpret the law.

Madam Speaker, this indicates quite clearly that the Minister is wrong when she claims that Canadian sovereignty is intact, because Memorandum of Understanding paragraph 5(b) stipulates that calculation of the value of any replacement measure in relation to the export charge will be subject to further consultations and agreement between the two Governments.

Pursuant to this paragraph, if the United States—Madam Speaker, I see that a Quebec Member on the other side is laughing. I would urge him to take the floor and speak up because I am sure his riding is home to some people who are involved in the lumber industry. The Hon. Member indicates that I am right. Well, I urge all Quebec Members to stand up and defend this piece of legislation, this tax. The Hon. Member for Portneuf (Mr. Ferland) should speak up. Quite a few of your constituents are in the lumber business—I should know, I travel to Portneuf very often—stand up and have the courage to defend your Portneuf constituents.

He could still oppose this measure and ask that it be amended by claiming that its over-all impact on Canadian softwood lumber exports is not the same as that of the export tax.

And speaking . . . You are not standing up as Member for Portneuf. I will go and see your constituents, I know the people of Portneuf very well.