

The Federal Government does not control stumpage fees, just as it does not control transportation or mill costs or the other expenses that go into the final price of lumber.

The across-the-board ad valorem tax was chosen as the method that would cause the least distortion to existing patterns of trade, save jobs, and retain our existing market share.

Some say that this will be a permanent measure, intrusive on provincial jurisdiction.

That is not so. It is a temporary measure.

It was designed to answer the American insistence on immediate action to remedy what they allege is a subsidy.

It is envisaged that it will be replaced in the form of increases in stumpage or other provincial charges, and that determination is to be made by the provinces. As they take action, the 15 per cent national rate will be reduced accordingly, and will eventually disappear.

We know that transitional process may not be easy.

That's why we have set up a Federal-Provincial task force to implement the agreement. My colleague, the Minister of State for Forestry and Mines, has already met once with his provincial colleagues. They are to meet again on the 9th of March.

Recently, there have been some concerns about the deal in light of the appreciating value of the Canadian dollar.

However, the forest industry is cyclical, and well used to market cycles and minor currency fluctuations. In fact, current returns to Canadian producers, after allowing for the export charge and appreciation of the dollar, are at or above levels they were before October 1986.

There are aspects of the agreement that leave us some concerns. No deal is perfect, nor can it be.

I'm thinking particularly of the remanufacturers, and the product coverage list in Appendix B to the agreement, and the question of corporate exclusions. We are actively pursuing a resolution of these questions with the United States in close consultation with the industries affected.

I am hopeful that these problems can be fairly resolved in the weeks ahead.

Mr. Chairman, after everything I have said about our efforts to resolve this situation on Canadian terms, I am surprised to hear this agreement continually attacked as an infringement on Canadian sovereignty.