

*Supply*

round of talks at the request of the U.S. trade representative, Ambassador Clayton Yeutter, to review the factors affecting competition in the North American lumber industry and to clarify government policies and practices in Canada and the United States affecting the lumber trade. This morning, my colleague mentioned that another very important meeting will take place tomorrow.

The first meeting was held in San Diego in January. A technical session took place in Prince George from February 12 to 14, and of course discussions took place in Washington on March 12. A further meeting was held in Ottawa on April 11.

The Government of Canada and the lumber industry are now faced with a very real threat if trade remedy action is taken against our softwood lumber exports to the U.S. markets. While it is possible to fold certain aspects of the lumber issue into the trade negotiations, let me make it clear that efforts to erect barriers to Canadian softwood lumber exports to the U.S. will not be put on hold pending conclusion of the negotiations.

The U.S. lumber coalition still has available to it U.S. countervailing duty legislation which affords protection against alleged subsidized imports which are causing injury to the U.S. industry. The U.S. industry is now on the brink of filing a new countervailing duty petition against our softwood lumber exports. Through the strongest of efforts, we have managed to win a delay in this action and will continue to work with the administration to hold this action off.

If, in the end, the U.S. industry files a new petition, we will argue strongly that the Commerce Department should not accept the petition because its own guidelines on this matter note; first that the Commerce Department does not investigate programs that are clearly not countervailable. Second, it does not investigate programs determined to be not countervailable in prior determinations unless the petition shows new data. As I have mentioned before, several of those investigations have already occurred, including one complete countervailing duty action. Third, it does not re-examine a program found to be generally available in the prior investigation without new evidence of changed circumstances.

In view of the above, the Canadian Government finds a re-profiled petition difficult to understand in light of the clean bill of health we were given following an identical countervailing duty action against lumber which occurred in 1982-83. In that investigation, the Commerce Department totally and unambiguously rejected a U.S. industry allegation that provincial stumpage programs conferred a domestic or export subsidy on the Canadian softwood lumber industry. Incidentally, that decision was never appealed by the U.S. petitioner.

I have already made it abundantly clear to the administration at the cabinet level that we are strongly opposed to the initiation of another investigation. In short, if a petition is filed, we will take every opportunity to register with the administration our strong views that there are no grounds for

the U.S. Commerce Department to accept a new petition and to institute a countervailing duty investigation against imports of softwood lumber from Canada.

There have been no significant changes in government policy and practice in Canada affecting the lumber producers since the 1983 countervailing duty determination. There have been no changes in U.S. countervail law which would justify a new investigation involving programs which the Commerce Department has already determined to be countervailable. In the Government's view, to proceed with such a case would be inconsistent with the Department's own guidelines with respect to acceptance of a countervailing duty petition as well as being inconsistent with the U.S. obligation under the GATT. Hon. Members should be assured that the Canadian Government will continue to commit the resources, the effort and the vigorous leadership required until this, our number one trade problem with the U.S., is resolved.

I would like to comment on a few of the remarks made by the Hon. Member for Skeena (Mr. Fulton) this morning. I think the record should be correct, and I am sure the Hon. Member would want it corrected. He referred to the efforts we are making to deal with this particular issue. First, he knows full well that the trade issue is the responsibility of the Secretary of State for External Affairs (Mr. Clark) and, more appropriately, perhaps, the Minister for International Trade. The important thing is to realize that we are working together with the provinces and industries to assist in any way we can the sectors for which we and other Ministers are responsible. Obviously, the sector in which I am most interested is one at which we have been working very hard.

The Hon. Member mentioned some figures that I should correct. As soon as I became Minister, I set up an industry and trade branch in the Department, something which never existed under the previous Government. The branch will have an establishment of 14 person-years when complete. We also have an economics branch consisting of 16 people which supplies the Government with data and analyses on trade and industry issues.

It might be important to note at this time that both of the Directors General of those two branches are active on the government-to-government negotiating committee. The heads of both these branches are playing a daily role with the staff of the Minister for International Trade on this particular issue. Naturally, we will always play a support role in trade because it is not primarily my responsibility, but peripherally and indirectly it certainly is. I intend to continue that kind of activity.

Adding all of that to everything else that has been done by the complete staff available to the Secretary of State for External Affairs and the Minister for International Trade, as well as my own personal staff, not large but active, I think we have made a major change in the thrust of the Canadian Forestry Service which in the past was essentially a research service. We have moved from a spectator's role to the role of a