

Supply

I wish to conclude my remarks by reiterating several points. The Government has reacted strongly to the preliminary decisions of the U.S. Commerce Department a week ago last Thursday that Canadian provincial stumpage programs convey countervailable benefits to the Canadian softwood industry. We deplore this decision which cannot be justified either under U.S. law or GATT rules.

My hon. colleague, the Minister for International Trade has registered the Government's deep disappointment that Commerce Secretary Baldrige reversed his earlier decision in the previous softwood lumber countervailing case that provincial stumpage programs were not countervailable. In our view the U.S. ruling has no basis in U.S. law and is inconsistent with the U.S. obligations under the General Agreement on Tariffs and Trade.

Further, we have kept open every available avenue which we might wish to use. Our co-ordinated and forceful approach is going to carry us through and we intend to win this dispute. As I have said repeatedly, we have the commitment of organized labour, the industry and provincial Governments to work with the federal Government to get the U.S. Government to reverse its preliminary determination and to cease any further investigation. We are using every means at our disposal, both within the U.S. legal system and under the dispute settlement mechanisms available to us under the GATT. In fact, one of the major objectives of the Government in the new trade round launched in Uruguay last month is to strengthen significantly these international dispute settlement mechanisms. Time alone will tell us whether we have followed the right course. We believe it will show that we have acted with foresight, determination and courage.

Mr. Caccia: Mr. Speaker, how can the Minister say in this House, as he did a few minutes ago, that the free trade negotiations have the support of labour when it is on record in at least a dozen press releases that the Canadian Labour Congress is opposed to the free trade negotiations? How can he make such a statement?

Mr. Merrithew: Mr. Speaker, the Hon. Member for Davenport (Mr. Caccia) referred to the question of free trade generally. We are talking of this particular dispute. We know exactly what is in the opposition motion. I sit in on all of those meetings. There are members of labour there although not all of labour belongs to the CLC. We know full well what the official position of labour is with regard to trade. However, on this particular issue they are fully in accord with what we have done.

Mr. Riis: Mr. Speaker, with regard to the 15 per cent tariff, the small Canadian lumber producers have been discriminated against. They simply were not aware of the exemption provision. Despite the earlier comments of the Minister for International Trade (Miss Carney), these companies were not informed of the procedures to follow. I have spoken to many companies personally. Their chief executive officers have informed me that they had no idea that this provision was

available. They have no idea how to get on the list if there is still time to do so. Could the Minister tell us whether there is still time for companies to apply for exemptions? If so, how do companies actually apply?

Mr. Merrithew: Mr. Speaker, this tariff is a result of an industry in the United States petitioning its Government. The traditional response of the Canadian industry has been to fight it. We have worked with the industry, the provinces and labour to try to co-ordinate as well as possible a response to that and to try to get the Canadian picture across. The Canadian Forest Industries Council and its arm, COFI, centred in the Hon. Member's province, took the lead on that. There have been dozens and dozens of opportunities for information on that to go out. There was very wide media coverage all across Canada, a good deal of which started in my home province. It is possible that this was not pursued as aggressively as possible by COFI or CFIC because many small companies do not belong to the Canadian Forest Industries Council.

As we indicated before, we are going to try to get the United States to allow additional applications under that particular section of their trade law. I suspect that the companies which failed to respond to something which has been on the front page of the papers for four years will have to carry some of the responsibility for that. I am very sorry that many of the small companies do not belong to COFI or CFIC, but it was certainly widely publicized that this option was available to companies.

Mr. Althouse: Mr. Speaker, the Minister of State for Forestry and Mines (Mr. Merrithew) has done an excellent job of reviewing the International Trade Commission's process of hearings, preliminary rulings, review, testing of data and final appeal of the final ruling. He indicated that the U.S. ruling was inconsistent with its commitment to the GATT agreement and also inconsistent with U.S. law.

Given those inconsistencies, can he explain why the Government has not spent more time in the talks with the United States on dealing with improvements to the dispute-solving of a mechanism by way of an international bilateral dispute-settling mechanism rather than continuing, as the U.S. insists upon doing, to use U.S. law, the U.S. International Trade Commission and, when all else fails, appeals to only U.S. courts? Why did the Government of Canada not attempt to break that deadlock since most of our products are tariff-free in any case?

Mr. Merrithew: Mr. Speaker, the point has been made many times inside and outside the House by the Minister for International Trade, the Prime Minister (Mr. Mulroney) and myself that one of the concomitant benefits of going through this process will be that we will have a better mechanism for resolving disputes. At the time the initiative for freer trade arrangements was commenced it was made very clear that while these discussions were ongoing a sovereign nation like the United States was not going to throw its own legislation out the window. What has been done there for the last two