

Canada-U.S. Free Trade Agreement

agreement. For time immemorial, if this agreement is ever implemented, we will be unable to challenge the right of the U.S. in effect to impose a 15 per cent penalty against all softwood lumber producers in Canada. In other words, the Hon. Member for Vancouver Centre's wrong way touchdown scored against her own goal will now be cast in bronze. We will never be able to change it.

In our own legislation, we agree that transportation subsidies for grain, something very central to my part of the world, for the first time in the history of this country, are considered to be an export related subsidy and subject to dispute resolution under the trade laws. That may not sound too profound in this Chamber, but if you are a farmer in Manitoba and you have to move your grain to Prince Albert by train and you are competing with a farmer in Minnesota who moves it down the Mississippi River system at a substantially lower cost, you will realize that by accepting that a transportation subsidy is a disputable offence, you have just given away our export market. That precedent will be established in further negotiations and it is in our own legislation.

Let me now go to the crown jewel of this commitment to obtain secure access. This is the one which in some ways tells the whole story. All the business groups, all the proponents, all the advocates, when asked about the agreement, say it is not perfect but it is an improvement. You ask them why it is an improvement and they say that we have this new dispute settlement mechanism. They make it sound as if it were new, which it is not. A more correct definition is that it is a review mechanism. The one thing that is very clear in the agreement is that U.S. trade law will still apply. We did not get any exemption as the Prime Minister promised. We did not get any special guarantee. We did not get any kind of special concession. The U.S. still retains the right, as we do, to use its own trade laws. The difference is, and I want to make this case to you, that the so-called dispute settlement mechanism is a worse system than what we have now. It will take longer, cost more, and be less protective of Canadian interests.

Let me quickly give you some examples. Under the present system we have the right to challenge the U.S. law. The omnibus Trade Bill has just been passed and it redefines a subsidy in a much broader way. If the U.S. attempts to take action against us based upon that law, we can take them to GATT and challenge it directly, saying that the law itself was not proper. It betrays the rights and obligations of the U.S. under the international trading system. Under this dispute settlement mechanism the law is not reviewed, just whether it was fairly applied. We cannot challenge the law. All we can review is whether or not the trade panel or the courts or the trade commission applied it fairly. That is all.

We got into a kind of gobbledegook with the officials and the Minister about whether you still have recourse to GATT. They say if you read Section 1802 we still have recourse to GATT except that since 1949 GATT has never accepted an appeal from any two countries that have a bilateral system. We do not have recourse to GATT. We have given up one of

the most important avenues of protecting Canadian exporters, one which has been successfully applied in the last four years against the U.S. We have had six cases, we won three, we could have won two of the others except that the Government caved in on softwood lumber, and we lost one. We had a pretty good record of challenging the law. Yet this great agreement, this great achievement, this so-called improvement, takes that option away from us.

Not only that, it will take longer to apply. What is the biggest complaint by many Canadian exporters to the U.S.? It is that U.S. industry harasses them by taking action at the International Trade Commission, goes to the Department of Commerce, and it costs you a million or two to fight your case.

• (1610)

Let me give you another interesting comparison. Under the particular scheme we are debating today you cannot take a review until the whole American procedure is completed. It only kicks in at the end of the procedure. Under GATT you can kick it in after a preliminary decision, almost a year earlier than this one. When you are fighting a trade action a year is a lot of money. I suggest that rather than getting an improvement we have a retardation of our ability to fight our trade wars.

What is more, it was not necessary. The only thing that has been replaced in the whole system is the final review on the grounds that it was "biased". Yet, Ambassador Ritchie, who is recognized by all sides as being an honest man, when asked whether the present system was biased, said no. He said that the International Court of Trade in New York judges impartially. The only thing we replaced was the one thing that was working very well.

Is that what you consider a great accomplishment, Madam Speaker, a system that cuts off one of your major recourses, does not allow you to challenge the law, takes longer, costs more money and replaces something that was working perfectly well? That is a so-called benefit.

Mr. McDermid: That isn't the testimony the manufacturers gave at all, and you know it.

Mr. Axworthy: In terms of this agreement the Government makes Neville Chamberlain look like a winner. In that great pantheon of winners along with Neville Chamberlain and General Westmoreland will go the name of the Prime Minister. This is a full-scale, absolutely incredible defeat for Canadian interests. The only thing that can be said for it is that they are certainly trying to propagandize it. We are cutting down forests across the country to produce paper on which to print the message that this was a great achievement.

That is why we need an election. It is only through daily word of mouth comments that these facts and this kind of hard-nosed analysis will come out. The business people who support the agreement will be required to read the agreement and learn what it means. If they are going to be honest about it