

*Softwood Lumber Products Export Charge Act*

reviewed its entire forest policy. Of course, the Americans said no.

In October, the Minister announced her final position. She said we were prepared to offer 10 per cent, take it or leave it. Of course, the Americans had absolutely no reason to take it.

Then the Minister said that she would talk tough. Once again, the Americans came down with a preliminary ruling on October 16 announcing the 15 per cent countervail. At first we were inclined to fight it and we pointed out that the decision was flawed, that its mathematics were poor and that it was a poor application of American law. We pointed out that it was a decision that discredited the entire countervail process and had some very serious implications for international trade relationships. We felt that we had a strong case, but once again, the Government of British Columbia and Premier Bill Vander Zalm wanted to negotiate. Once again, he undermined the Canadian position and the Canadian Government entered into negotiations. It finally came up with an agreement in the dying hours of 1986.

What is there about this agreement that is appealing? For one thing, as some Hon. Members have pointed out, it does keep the money in Canada, but on the other hand we must recognize that whether there is a 15 per cent American countervail or a 15 per cent export tax, jobs will be lost. It will be the working people of British Columbia and other lumber-producing provinces who will pay for the Government's bungling.

This afternoon during Question Period, the Hon. Member for Essex—Windsor (Mr. Langdon) pointed out that there are 23 companies making nine different products which will have to close—

**Mr. Deputy Speaker:** Order, please. I am sorry to interrupt the Hon. Member. Could I ask him to conclude since his time has expired?

**Mr. Manly:** Mr. Speaker, I will do so as quickly as possible. The Hon. Member for Essex—Windsor asked the Minister if he would be prepared to renegotiate the entire contract to provide exemptions for these products. The Minister chose to ignore that.

We have serious questions about the agreement itself and its effect on Canadian sovereignty. It will not save Canadian jobs and we must condemn the Government for the whole way in which it has bungled the process of negotiating the Canada-United States trade relationship.

**Hon. Douglas C. Frith (Sudbury):** Mr. Speaker, I too would like to join in this debate. I recognize that time is not very long to put forward a case on behalf of the Opposition, but I welcome this opportunity to put forward my opinion on the effects of the recent settlement recommended for signature between Canada and the United States with respect to the export tax placed on our softwood lumber industry.

I wish to preface my remarks by indicating to you, Mr. Speaker, that to a large extent, many of the emotional feelings Canadians have about this agreement revolve around the issue of sovereignty and, in the long run, whether or not Canadians have faith that the Government is capable of negotiating any agreement with the United States in a competent and effective manner.

I say that in all sincerity because one must recognize that regardless of which political Party assumes the reins of power, any Government will find itself in a period of crisis, perhaps not of its own making. What determines the faith of the Canadian public in the ability of the Government is its ability to handle those crises. In December of 1986, some two years and three months after the Conservative Government assumed power, the people of Canada no longer have faith in its ability to put forward a political agenda and, more important, a Canadian point of view on a number of issues. Softwood lumber is the last in a series of crises affecting the Government and the outcome does not leave me with any feeling of certainty that it knows what it is doing in its negotiations with the U.S.

• (2040)

The specifics of the case I put before you are well known to the Canadian public. Speaker after speaker in this House has pointed out the effect of this export tax on the Canadian lumber industry. More important, it should be pointed out that the complaint by the U.S. industry that there was an unfair subsidy to the Canadian industry is not a new one. In the early 1980s the American lumber industry presented a case to the tribunal concerned which complained that Canada unfairly subsidized its industry's exports. As you will recall, Prime Minister Trudeau did not pursue a political settlement. He was adamant about protecting Canada's sovereignty. As a result, the Canadian Government worked hand in hand with the industry to present its case before the tribunal in the U.S. We were very fortunate in the sense that a ruling was made in favour of the Canadian viewpoint. That decision was arrived at in the fall of 1983. Yet within months of the Conservative Government assuming office in the fall of 1984, those same American interests once again complained of unfair subsidies to the Canadian industry.

For the life of me I cannot understand why the Conservative Government chose to abandon the quasi-judicial process, fail to defend Canada's sovereignty and this very important industry, and cave in, in my view and that of many Canadians, to the American demands. The net result, in my view, is the unnecessary imposition of a 15 per cent export tax which will make us less competitive in the U.S. market in the short term, and raise prices of lumber for consumers in the U.S. in the long term.

It comes as no surprise, given the difficulty consumer groups, whether here or in the U.S., have in arousing any sympathy for their cause. However, I do know the net result will be a loss of sovereignty and a loss of manoeuvrability here,