

We are here tonight to report a successful end for Canada to a long-standing trade dispute which has disrupted our vital softwood lumber industry. That success is in the form of an agreement which saw the U.S. lumber coalition accept the Canadian conditions for settlement. The discussions were long and difficult. Tonight, at our insistence, the American industry withdrew its demands for what was clearly an attempt to impose a U.S. veto on how our provinces administer their resource policy.

This clearly has been a successful outcome for the initiative set in motion by the Prime Minister and nine Premiers at the First Ministers' Conference in Vancouver last November.

The key objectives set out at Vancouver have all been met.

First, we have settled the dispute in a way which recognizes the sovereign rights of Canadian provinces to manage their resources. Second, we have kept increased lumber revenues in Canada. Third, we have avoided precedents that would damage Canada's trade interests.

Even in the face of American threats to break off negotiations, the Prime Minister's direction to our negotiators was explicit. There would be absolutely no negotiation on any direct or indirect intrusion into our sovereign right to manage our resources as we felt appropriate.

Canadians should realize that these were high-stakes negotiations. Had we failed to reach an agreement, an ensuing U.S. countervailing duty would have resulted in a significant loss of money from Canadian interests to the U.S. Treasury.

As a result of this agreement, the U.S. lumber coalition is withdrawing the petition that led to the preliminary countervail decision. As a consequence, the Government of Canada is announcing today that it will introduce legislation upon the return of Parliament on January 19, 1987, to impose and collect in Canada a 15% export charge on Canadian softwood lumber being exported to the United States on or after January 8, 1987.