

Softwood Lumber Products Export Charge Act

Our softwood lumber industry will now pay a 15 per cent export tax on every bit of softwood lumber going into the United States. It will cost the lumber industry, on the basis of this tax, supposedly \$600 million; perhaps more when we start looking at how this tax is to be converted into timber cutting fees, or as we call it stumpage fees, at the provincial level. This will create great disharmony for a Government that has touted harmony at the federal-provincial level, as it tries to figure out and negotiate who shall get paid what, how it will distribute the money coming in through the tariff and how to convert it into the stumpage fee. This amount may well be \$950 million to \$1 billion levied against an industry year by year, not just one year.

A number of industries in Quebec have told us that mills will close and thousands of workers will lose their jobs, but the Minister has said that everyone except Ontario approved of this particular direction. I do not think that is what the country wanted. I do not think that is what the industry wanted. It has not done very much for the sovereignty and sovereign rights of Canadians in making decisions in our own name. It gives the United States the right to examine how we will set our rates, how our provinces will, can, should and may collect the tax on softwood lumber. It gives the United States the right to see how we manage our own industry. This is not the way Canada wants to be open for business, despite what the Prime Minister (Mr. Mulroney) has said.

● (1240)

Maxwell Cohen, one of Canada's foremost experts on international law, a Judge on the International Court of Justice in the Gulf of Maine resource dispute, a former Professor of International Law at the University of Ottawa and a renowned expert in the field, said on January 3 the following:

The lumber deal is a dangerous precedent that threatens Canadian sovereignty . . . It is a strange procedure to allow someone else to monitor our own stuff—They maintained the unilateralness of something that is joint in effect because the Americans have a right to know everything about Canada's activity, information or anything else.

Notwithstanding the fact that all the other provinces are not 100 per cent in agreement, Premier David Peterson has been very outspoken. He said:

They (U.S. Government) will have the thumb screws on us at all times and if we don't behave they will put the blocks to us. I don't like a deal like that . . . We've turned not only our resource and taxation policies but in a sense our regional development and employment policies over to another sovereign country. It's a dangerous precedent.

As to the industry itself, Adam Zimmerman, the Chairman of MacMillan Bloedel, has said that the lumber deal at one step creates an industrial paraplegic out of the lumber industry and that we have handed over our sovereignty and ruined our industry. The President of the Pulp and Paper Workers of Canada, Stan Shewaga, has said that the deal will only encourage the United States to widen its protectionist net to other areas. I would suggest that we have seen that that particular observation might come true. We now have concerns about the Auto Pact and our cultural industries. This kind of

move only opens up all kinds of concerns with respect to what the Americans can do while spreading their net. Let us look at what happened with regard to shakes and shingles industry, our book-publishing industry, our Christmas tree industry and our exports of natural gas.

I would suggest that this signed agreement is far from being in the best interests of Canada and certainly has an impact on our sovereign right to decide what we want to do with our own industries. As an example, will we have the right to use stumpage fees to reforest our land or will the Americans tell us that that is not part and parcel of the agreement? There is serious concern on the part of the industry.

We met with representatives of the industry who said that they cannot even compete because of the 15 per cent export charge contained in the Memorandum of Understanding. This 15 per cent charge makes it non-competitive for Canadians to move into the American market. That is one of the reasons that Americans felt that this was a good move for them. It cuts back on a good Canadian product which had been able to penetrate into the American market and compete on a fair basis.

We must also remember the self-interest of the United States in this matter. In the United States there is a different environment in which to grow trees. The weather is warmer, the trees grow faster and Americans have a much easier time than Canadians when cutting lumber.

I am very concerned about what is going on. Clayton Yeutter, the trade representative, and Secretary of Commerce Malcolm Baldrige identified seven different types of Canadian Government assistance to the industry that the United States will not accept. They have some nerve determining what they will or will not accept. They consider to be Canadian Government assistance any kind of rebate, remission or deferral of the export charge, provision of grants or low-cost loans, exemption from other federal or provincial Government charges, assumption of obligations currently borne by the industry, reduction in the stumpage or other fees, changes in the way the volume of timber harvest is measured and the non-competitive awarding of contracts for silviculture, road building, recreational and other forestry activities. In other words, the interpretation of the U.S. of Clause 6 severely limits, if not outrightly prohibits Canada and the provinces from helping the forest industry and the communities involved, irrespective of what it will cost in terms of lost jobs and industries.

We must be very, very cautious in this debate because of its implications on our sovereignty and on our other industries. I see that you are signalling that I have less than a minute left, Madam Speaker. I would point out that the Canadian Council of Forest Industries estimates that the tax will eventually cost between 10 per cent and 20 per cent of the current Canadian production and between 15,000 and 17,000 jobs. This includes 6,000 sawmill and logging jobs and 11,000 jobs in allied industries and services. I think this is something we can ill afford. We ought to examine it very cautiously before we move in this area.