

*Canada-U.S. Free Trade Agreement*

In 1983, when the first round of countervailing action was launched against us, it was found clearly that our way of assessing economic rent was not in any way a subsidy to the industry. Nothing changed between 1983 and 1986, except that political pressure in the U.S. intensified. The heat was put on and the way the American system works, politicians react much more swiftly and energetically to the kinds of pressure they get from their people. That is why we have the countervailing duty and a 15 per cent tax on our softwood lumber and a 35% tax on our shakes and shingles.

We see in this free trade deal not only a reduction of tariffs, but also the establishment of new rules. There will be a mechanism to administer these rules. That is why the dispute mechanism is perhaps the most important element of this deal. The analogy has been made by many about the elephant and mouse. It is said that when the elephant takes a deep breath, we feel the pinch, sleeping so close to the elephant. When he rolls over we could be squashed. For the first time this great elephant sat down with one of its trading partners to agree to a set of rules so that every time he breathes we will have to be notified. If we do not like it, we can tell him to move over a bit just in case we are going to be pinched by his expansion.

All these analogies are interesting and worth reconsidering. There is now a judicial process under which our trade will be regulated and within which it has to be conducted. A free trade deal is the best prospect we have for bringing stability to our most important industry, to revitalize it, to add greater value to it, and to expand and diversify it.

The industry sees it this way as well. Let me just quote from a letter from the Fraser Valley Independent Shake and Shingle Producers Association sent to the Prime Minister (Mr. Mulroney). You will remember the NDP over there, these great defenders of all that is good and beautiful, speaking out on behalf of the industry. This association said to us: "We urge you to pass the Free Trade Agreement as soon as practical so that others, when faced with similar actions by the U.S., will have a definite course of action available to them that will lead to a more timely and more objective solution. We strongly agree with your opinion that had the Free Trade Agreement been in place in 1986, this specific Section 201 action by the U.S. against us would not have been implemented."

That is what the shake and shingle people are telling us: please pass this free trade deal, please do not listen to the NDP, they are not telling you what we think is

important to our industry. They are telling us not to be swayed by the doomsayers, those who live in the last century. They tell us to get on with implementing the deal which they see as being a crucial and necessary imperative for them to plan their future. Do not worry, we have no intention of being swayed by the doomsayers.

I have followed this debate closely in the House and watched it on my monitor. To listen to some of these speakers from the Opposition you would almost think that they only heard about this free trade deal for the first time yesterday, that it is something we just dumped on them and are bulldozing through the House just a few days before Christmas.

Yet this House held over 300 hours of discussions. Sixty-one days were spent in this House over the last year and a half discussing the free trade deal with the U.S. That came after a royal commission had spent \$24 million of the taxpayer's money travelling throughout the country examining the economic prospects for Canada. Its principal recommendation was that we should enter into a free trade arrangement with the U.S.

Then we had the Liberal Senate. Its committee held over 100 hours of hearings, chaired by a great Senator from British Columbia, and a Liberal, too. It came to the conclusion that the best prospect for Canada was to enter into a deal with the U.S. that would have a dispute mechanism, open the border, reduce tariffs, and create new opportunities for the regions to open North-South trade links. That is what the Senate said in its most prestigious committee about this deal.

I sense that even some people in the Opposition know what needs to be done. They know there is no *status quo*. The Right Hon. Leader of the Opposition (Mr. Turner) kept saying: "We are for free trade as well. We are very anxious to see free trade, but we do not like this deal". In fact, he said he would go down to the United States and ask them to negotiate another deal with him. The Americans were holding their breath waiting for him to come down to negotiate another deal. Can you just imagine the reception he would have got down there? Yet he just does not like this particular deal. Is that not strange? What deal does he like?

We have everything we asked for. We have a dispute settlement mechanism. We have lowering and elimination of tariffs. We have time during which this deal will be implemented.

He said that the Americans would receive him with open arms. They are the best friends we have. They are