

Softwood Lumber Products Export Charge Act

region in competition with the local producers because of this most regressive piece of legislation.

I want to refer to Clause 6 in the Memorandum of Understanding, which is a clause about which we have a lot of concern. It provides that the Government of Canada will take no action and will take all reasonable steps to ensure that no other government body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge. That means provincial Governments, Crown corporations, and any other agency of government.

● (1250)

In my last speech on the Bill I mentioned how silviculture and reforestation were playing a major role in my province of Prince Edward Island and how it was very dependent upon help from both the federal and provincial Governments. Most of the land which is being returned to forestry was originally purchased by the Land Development Corporation of Prince Edward Island. The poorest class of that land, class 3, was leased to the Department of Forestry of Prince Edward Island, and in turn programs were designed by the provincial Government over the years. When I was a member of the provincial Government we started that program in conjunction with the federal Government through DREE agreements. At one time it was part of the comprehensive development plan. Since that development plan was phased out, it was part of the ordinary DREE agreements with the provinces.

I wonder what relationship clause 6 may have with future agreements with my province as far as reforestation is concerned. It is a direct subsidy which goes into the reforestation of class 3 lands. When the Americans see these agreements, I wonder whether they will say "Canada, you are breaking the agreement, our Memorandum of Understanding".

Furthermore, in early January, President Reagan pledged in writing that, "I will take action if Canada does not live up to its terms of agreement". He was referring to the agreement signed by our Government, and it was in a letter from the President to the United States forestry industry. He also said that if Canada did not live up to the terms of the agreement, action might include tariffs. This means that if any form of action is taken whatsoever to help the forestry industry, the President and the American industry will return with more tariffs. That is the way I read it.

Similarly, in the letter of December 30, 1986 to the Coalition for Fair Lumber Imports, U.S. Trade Representative Clayton Yeutter and Secretary of Commerce Malcolm Baldrige identified seven different types of Canadian Government assistance to industry which the United States would not accept. These included a rebate, remission, or deferral of an 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 stumpage or other fees, changes in the way the volume of timber harvest is measured, and non-

competitive awarding of contracts for silviculture, road-building, recreation, and other forestry activities. In other words, in the interpretation of the United States Clause 6 severely limits if not outright prohibits Canada from helping the forest industry and the communities involved. This is where I have a great deal of concern about the Bill.

The forest industry in Atlantic Canada certainly needs some upgrading. The mills need help; they are not very affluent. In fact, they need a lot of help in order to upgrade their equipment and productivity. From where will they receive help? I can only say that without some of the DREE grants, or DRIE grants as they are called now, and some help from the provincial governments, many of the small operations could not improve their technology and efficiency.

I wonder how the Americans will look at some of the spraying programs of the Government of New Brunswick. What would happen to the many forests in Atlantic Canada which were hit hard by the spruce budworm if there were no spraying programs? Unless action is taken by aerial spraying or other means, we will have no forests to talk about.

These are my concerns. We have seen many things happen between our Government and the Government of the United States. We could look at fisheries and the taxes placed on fresh fish and salt cod going to the United States. We could also look at how the Government was supposed to have tremendous relations with our good neighbours south of the border. After the Prime Minister (Mr. Mulroney) met with President Reagan at the Shamrock Summit he indicated that there would be great new innovations in the control of acid rain by the two countries. However, we have found out that once again the United States is renegeing on that commitment.

Of course, the Americans are fighting a deficit situation. They are implementing a new tax Bill. They cannot spend, under legislation, a whole lot of money on some programs which are very important to Canada. Therefore, they are not adhering to their agreements. They come up here and tell the Government that they will do something. They use nice words but there is no action. We have seen much of this. We have seen the Government's reaction to Christmas tree operations. There are many very unsatisfied people in Atlantic Canada in terms of the tax which Canada placed upon the importation of American Christmas trees. It is a big industry.

I would like to refer to a letter to Mr. Jim Barkhouse from Mr. Duncan Walker—

Mr. Deputy Speaker: I regret to interrupt the Hon. Member but his time has expired. Could I ask him to conclude very briefly, please.

Mr. Henderson: I just want to put this letter on record. It is from Duncan Walker, a Christmas tree producer in Nova Scotia. He wrote about the tax and how it would affect the Christmas tree industry, a very important industry. They are here today to express their concerns to Members of Parliament. He said: