

and the provinces. That of course included the initiative taken to settle the softwood issue before the October 16 ruling.

Let me now turn to the second point in the motion. The Hon. Member says the Minister:

—neglected firm Canadian action and possibilities and used mere rhetoric and legal appeals within the very U.S. system of countervail she criticizes;

The wording of this motion strongly suggests that the Hon. Member and his Party are willing to ignore one of the more important avenues open to us to continue putting our position forward as strongly as possible in the U.S. We do not propose to pick up our marbles, as some opposition Members imply they would like us to do. The stakes are too high for Canada with regard to jobs and revenue. Contrary to the Hon. Member's assertion, this Government, with our partners, continues to be consistent and forceful in its approach to dealing with this threat in a unified and cohesive manner. For the Opposition to suggest that our response is weak and contradictory is a clear indication they have a weak understanding of both the intricacy and delicacy of this issue, and the means by which we can resolve it. We intend to resolve it to Canada's satisfaction if at all possible.

I would remind Hon. Members that the preliminary determination of subsidy made by the Commerce Department on October 16 is not the end of the road at all. That preliminary determination must be verified and a final decision made by December 30. I think they will have some difficulty in verifying their own figures. Even if the preliminary determination is confirmed, countervailing duties would not be applied unless the U.S. International Trade Commission finds injury in its final determination due in mid-February. If either of these rulings are negative or ruled on in Canada's favour, the case is terminated. In addition, both sides have the right to appeal the outcome to the U.S. courts.

It should be clear to everyone by now that we have a long way to go and we have no intention of giving up. We will continue to consult with industry, labour and the provinces, as we have all along. It is important that Hon. Members understand there is a unified front in Canada to continue our fight in the U.S. Last week the Minister for International Trade (Miss Carney) and I met with the provinces, labour and industry in Toronto to review in detail the basis for the preliminary determination by the U.S. Department of Commerce, and to plan our own strategy for the next phase. As I said earlier, it was the view of all parties concerned that the basis for the preliminary decision was badly flawed. It contained numerous examples of misinformation and confused analysis, and in some cases included double counting of costs and values. The unanimous decision of the meeting was to continue our fight through all avenues available to us under U.S. trade law. I am also pleased to note that support for this position was articulated by certain other members of Her Majesty's Loyal Opposition.

Let me assure Hon. Members that we are not confining our efforts only to the U.S. In fact, the preliminary determination on lumber is inconsistent with U.S. obligations under the

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General Agreement on Tariffs and Trade. We will not weaken in our efforts to argue forcefully against the U.S. decision through GATT. We have invoked GATT dispute settlement mechanisms and our initial arguments have already been made to a GATT panel established at Canada's request.

The most troubling aspect of the U.S. ruling for us, and for many other countries, is the implications it has for the sovereign right of Governments to manage and establish the conditions for the exploitation of the advantages conferred by their natural resource endowments. This new twist in the interpretation of U.S. countervailing duty law has made our lumber dispute with the U.S. of particular concern and interest to other countries around the world. I can assure Hon. Members that the position Canada has taken to GATT has the support of many other countries, particularly those with important resource industries such as we have here in Canada.

Today it is lumber, tomorrow it could be pulp or newsprint or a number of other products or resources. This is not the way to conduct business between the world's largest trading partners. There is a better way and we must change the rules in order to stop the harassment by U.S. interest groups against competitive and fairly traded Canadian exports. Furthermore, the softwood lumber case points up a disturbing reluctance in the U.S. to accept the verdict when U.S. interests do not win a case. There appears to be a growing propensity in the U.S. to blame imports for problems which are the result of domestic policies, not foreign competition. There is an unfortunate tendency to assume that every foreign product which manages to compete successfully in the U.S. does so only because it benefits from government assistance of some sort or another.

An even more troubling assumption is that policies and practices which differ in any way from those used in the United States must, by definition, be unfair. Some down there have gone so far as to suggest that all foreign practices are unfair and the U.S. is the only country which still abides by the rules of international trade. Oddly enough, such suggestions have been accompanied by attempts to change certain of these rules unilaterally in the interest of more effective protection. In my view the demand for a level playing field can take some very strange forms.

• (1520)

We have seen that in graphic terms in softwood lumber. We won the case in 1983. We then faced a number of legislative initiatives seeking, in one way or another, to limit our exports to the United States. We then faced a fact-finding investigation and then yet another countervail this year and the threat that if the U.S. industry does not get what it wants there will be a likelihood of more Congressional action.

Where will it all end? This is why we seek new rules, Mr. Speaker. We seek a better shield against the forces of protectionism. We want more certainty, a more confident environment for investors and producers in Canada. This, in turn, will generate the jobs and economic growth which Canada needs.