

*Supply*

already acceded to those American requests for separate discussions.

• (1140)

According to today's headlines, the Canadian Ambassador in Washington said: "We are now recommending special envoys, a euphemism for special negotiations, but we are not going to tell the Canadian people that". We in the House of Commons will rise and beat our breasts and say that we have made no deals, that there are no preconditions and that it is a clean launch except that there are a few other things about which we have not bothered to tell the Canadian people. The end result of that is what we have seen time after time over the past two years; we give things away.

The Prime Minister has told the Canadian people at least 5,000 times what a wonderful labour negotiator he was. I would sure hate to be one of his clients. What did he give away before we even got started with the negotiations? He gave away the NEP. That went right down the tubes. Then FIRA went away and we got nothing in return. Now we are giving away the pharmaceutical industry and we will get nothing in return. This is before we have even entered into negotiations.

What is the limit of the Government's generosity? Does it consider the United States to be a charity case, that it has to be given all these concessions with nothing in return? Would it not have been somewhat more effective if, in giving away all these bones of contention, the Government had asked for some clear statement of principle and a commitment to no further incursions on the lumber industry?

The Minister for International Trade, the Prime Minister and the Secretary of State for External Affairs (Mr. Clark) have said: "Oh, but we have such a good friend in the U.S. administration. We can trust Mr. Reagan. We don't know if we can trust those guys in Congress but we can trust the administration". However, the President is now siding with all those people, saying very clearly that when it comes to lumber he will negotiate separately, and if he does not get what he wants he will start a countervail action, and if he still does not get what he wants then he will hold as ransom his request for comprehensive agreements until such time as Canadians accede. So much for a friend in camp. Who knows what our enemies would do under those circumstances.

This is not a matter of merely making debating points. As we well know, the softwood lumber industry depends upon its export trade. Not only has the lumber industry expanded and modernized, but the other major factor it has going for it is the exchange rate. Nowhere have the Americans conceded lightly that that is the factor that enables us to provide competition. Therefore, it raises a very clear suspicion that once we get into the so-called comprehensive negotiations the exchange rate will also be on the table and the Americans will start demanding a harmony in exchange rates or compensation for that exchange rate as part of the trade deal. That sends out a very serious warning signal, not only for the lumber industry but for

many other exporting industries which have been using that comparative advantage to some very substantial effect.

Again, we have heard nothing from the Government about the importance of the exchange rate as part of the competitiveness of our lumber industry and the advantage it provides. What is the Government going to do about it? Is it going to concede, make deals, have the special envoys get together and negotiate how we may provide for some compensation in that area?

Let me deal with another warning signal having to do with subsidies. We have now seen three or four cases of this come before the International Trade Commission. The subsidies that are applied by the federal or provincial Governments toward regional expansion in disadvantaged industries, whether they be the fishing industry in Atlantic Canada, the softwood lumber industry on the West Coast or transportation subsidies for western grain, are a part of our domestic right to reallocate resources and opportunities across Canada to meet regional inequalities. That has always been clearly stated. The Americans have now said, through a variety of trade suits, that those subsidies are considered to be countervails and unfair trade practices. If that becomes a standard argument that will enter into the comprehensive negotiations, we are in deep trouble as a country. We will then be forced to start bargaining away our freedom of action as a country to decide where and when we want to allocate resources to help the less fortunate regions and those industries that we believe should be our competition loss-leaders and provide comparative advantage in international markets.

Do not kid yourself, Mr. Speaker. These negotiations really are not about tariffs. They are about non-tariff barriers. The primary non-tariff barrier put forward by the Americans is the question of Canadian subsidies. We have seen this in the fishing industry, in the softwood lumber industry and in the grain industry. All those industries that provide a large part of our export dollar are now being challenged on the basis of the subsidies we provide and the supports we give to those industries.

Let me deal with a third area that is part of this resolution and perhaps goes to the very heart of the trade debate. That is the issue of countervailing powers. If memory serves me correctly, the Secretary of State for External Affairs, in answer to a question put to him in the House, agreed that the negotiations that are being launched would be of no purpose whatsoever unless we were to receive major concessions from the Americans to limit their ability to provide countervail action through the ITC and the Commerce Department under the U.S. Trade Bill of 1979. He said that that was the heart of the talks and that if we do not get that special exemption, then what is the point of the talks themselves. I agree with that. There is no point getting into those negotiations if all the harassment that we now endure simply continues. What is the point of giving away the edges if the major problem of access to the market is constantly in danger?