

*Softwood Lumber*

United States at the present time, that there were, in my opinion, attitudes, decisions and strategies which led to this. Nevertheless, this must not stop us from being against and denounce everything the United States have done in this matter.

• (2230)

I would like however, Mr. Speaker, to recall how all this happened. Everything started on December 30, 1986. The United States and Canada signed, that day, a memorandum of understanding on softwood lumber by which Canada accepted to impose a 15 per cent duty on Canadian softwood exports to the United States. That duty could be reduced or eliminated, and I stress this point, if the provinces applied replacement measures having the effect of increasing stumpage fees or other fees charged to softwood lumber producers.

Consequently, there were, along the way, two measures which were taken, but which would take too long to explain. So when we cancelled the memorandum of understanding, most Canadian exports of softwood lumber to the United States, indeed more than 92 per cent, were subject to much higher stumpage fees and other related taxes. On September 3, 1991, Canada exercised its right under the terms of the MOU to denounce the agreement and it consequently advised the United States that the MOU would be terminated on October 4, 1991.

Before coming to this decision, Canada went as far as using the American accounting method in order to compare the cost of forestry for the provinces to the revenues produced, and this for the four main softwood lumber producing provinces. That analysis, Mr. Speaker, demonstrated indeed that in all those provinces stumpage revenues far exceeded their forestry costs, a situation which gave our government the reasons it needed to pull out of the agreement.

I know, Mr. Speaker, that this decision of the United States has enormous consequences for our industry. The two provinces most affected are British Columbia and Quebec. I share with my colleagues from these two provinces, but also from the rest of Canada, a sense of indignation when faced with the very negative impact of this measure. We will not stand still.

The previous speaker feels free to speak now that he has left the government party, but he might have expressed a few years earlier the concerns voiced by producers that he has just mentioned. It is a shame that, a few year later, a Bloc Quebecois member would come

and denounce a policy when he already knew the arrangements we had made with our U.S. trade partner.

I agree with him about the harm done to Canadian businesses, particularly in the eastern Townships and the Beauce area which I know well. To show you how much I share his outrage, I must point out that the Americans seem to be peddling a number of myths to excuse, defend or justify such a move. One of these myths, Mr. Speaker, is to claim that a decrease in the demand in the United States produces an increase in Canadian imports, which could indeed justify the move by the United States to block or slow the flow of exports from Canada into the U.S.

But that is not the case. Quite the contrary. I have a breakdown here of the softwood lumber production and consumption in the United States versus their imports. Let us start with the American production in relation to their consumption. Over a 10 year period, the volume of softwood lumber produced in the United States, in thousands of board feet—that is the measure I have—has gone up from 24.7 to 35.8, an 11 per cent increase in production. We can assume the demand reached at least that level. What about the consumption or the demand in the United States? At the same time, within 10 years, the demand went from 32 billion board feet to 45 billion.

If you remember, Mr. Speaker, I was talking earlier about a domestic-only production of 38 billion, with a simultaneous domestic demand of 45 billion. As you see, there was a surplus in demand. Hence, in 1990, the United States had to find a supplier. They turned to Canada, and to two provinces in particular. But let's look at what we produced and exported to the United States. Within that 10-year period, we increased our production only by 0.3 billion board feet. If you add it all up, the demand in 1990 was of 45 compared to a production of 35. That is a difference of 10, and we only increased our production by 3. So, Mr. Speaker, the United States have absolutely no reason to make such a drastic and unjustifiable decision.

But then, I come back to my initial argument. We can assume, and that will be my final point, that this decision, this initiative, is not justified since the figures and the table I quoted earlier show that, with a demand in the United States in excess of the American domestic production, Americans had every reason to import Canadian softwood lumber. And I want to insist on that in order to correct the mistakes made by my hon. colleague from the Bloc, who seems to have a totally different