

It was the best that could be obtained in difficult circumstances. Moreover, it was reached on our terms.

Much has been made by the critics about the alleged infringement of Canadian sovereignty.

Contrary to the opposition's reading of the situation, Canadian sovereignty has been and will be maintained.

During the course of the negotiations the U.S. Coalition made many demands upon Canada. For instance, it sought to establish a floor price regardless of market conditions. It sought to dictate how Canadian stumpage policies would operate. It demanded specific changes in provincial stumpage systems within a defined time-frame, with a joint supervisory committee to oversee the changes. Were this accepted, the U.S. Government would be able to dictate how our policies should be made and implemented. It was totally unacceptable to Canada, and we rejected it out of hand.

The United States Administration has expressly recognized Canadian sovereignty in its statement of of January 2.

"The United States Government will not be concerned with how Canadian authorities make changes in their forest management practices. When they do so or what form these changes make. These are matters for Canadians to decide."

These are the essential qualities of sovereignty. These are matters for Canadians alone to consider. The only item that is the subject of consultation and agreement is the calculation of the value of any changes in the export charge.

Reaching this agreement is a major accomplishment. When compared to a suspension agreement, this settlement is infinitely preferable. Like a suspension agreement, the money stays in Canada. But more importantly, the intrusive policing of provincial management practices that a suspension agreement entails has been avoided.

As for the countervail route, an adverse decision would have entrenched a dangerous legal precedent. The money would have gone to the U.S. instead of being kept in Canada to benefit Canadians.. and very importantly, the kind of intrusive inspection of provincial and industry records that we encountered during the countervail investigation would have continued until the U.S. Government determined that the alleged subsidy had been eliminated.