

Supply

out that today wood is moving at \$184.50 on the Chicago Mercantile Exchange. That represents a 29.1 per cent countervail to be taken against Canadian wood. When I toured the country last year I learned from most of the majors in this country that anything remotely above 10 per cent would put most of the mills and most of the softwood production in this country completely out of business. A 29 per cent duty would have a dire effect.

I want to point out exactly what has gone on and what has been said with respect to this issue. When our Prime Minister (Mr. Mulroney) appeared before the Canadian Forestry Association on April 9 in Ottawa, he indicated the following:

The Reagan Administration has agreed to the concept of a "clean launch" for the talks but some members of Congress from lumber-producing states are trying to link the broader trade discussions to the lumber dispute.

The Prime Minister goes on to say:

I refuse to accept the proposition advanced by some in the United States that the softwood lumber issue must be resolved in favour of the United States prior to the talks beginning.

Who is the Prime Minister kidding? Either the President of the United States has not been telling our Prime Minister exactly what is going on or our Prime Minister has not been telling Canadians exactly what has been taking place.

President Reagan's letter to Senator Robert Packwood, Chairman of the Senate Finance Committee, is very blunt and clear. It runs completely contrary to what the Prime Minister has been peddling in the House and across the country. In the President's letter to Senator Packwood, dated May 8, he said:

I am committed to finding a rapid and effective solution to the Canadian softwood lumber problem which restores for the American lumber industry a fair opportunity to compete.

To this end, I intend to press for an expedited resolution to this problem independent of comprehensive negotiations.

We must gain an understanding of what is being said in the United States. The President has made it very clear that, if necessary, he will take actions quite independent of the comprehensive trade negotiations between Canada and the United States that are to start in the middle of next week.

There was not a clean launch and that is what the people involved in the forest industry in British Columbia have been saying in the last 48 hours. It was a dirty launch because clearly there was linkage.

Furthermore, a 10-10 tie vote in the Senate Finance Committee is about as close to a failure as one can get. According to their system, a tie goes in favour of proceeding with fast track. Furthermore, the reason there was a tie is that the President and the administration had been leaning on various Senators from Hawaii and other areas of the United States to make sure that there would be at least 10 votes.

Let us examine these developments more closely. The President promised that he would provide some kind of mechanism that would satisfy those lumber state Senators and members of Congress who were concerned about Canadian wood. The President has done that by making it clear that he

will take unilateral trade action if the bilateral lumber talks fail.

What did our first Minister in Washington, Mr. Roy, have to say yesterday? He is very knowledgeable about this issue and said that this envoy offer has not been officially presented to the United States administration, but is not expected to include Canadian concessions to limit exports or raise the export price. That is exactly what I hope he would say. However, it seems that the Government has not really understood this process which has been going on for so long.

Last year I accompanied an all-Party delegation to Washington where we met every member of the House and the Senate who had any kind of protectionist legislation related to the forest industry. All of us returned to Ottawa with the firm understanding that some very strong action would be taken by the United States. There was only one solution to that problem then, but unfortunately we do not have enough time left to take the intelligent option the Government should have used. That option which I presented almost a year ago in the House was to convince those in the United States, who could impress upon Republicans and Democrats, that it is important to maintain the relationship we have on wood because Americans buy Canadian SPF preferentially at a higher price because it is a better product. They also buy it preferentially because our market involvement has tracked the U.S. dollar absolutely parallel for a number of years, to the point where we are at 33 per cent or 34 per cent.

Who is kidding who? Either the Prime Minister knew that there would be this kind of linkage or the President did not tell him. If that is the kind of relationship the Prime Minister has with the President, I am not sure where these so-called trade negotiations will lead this country.

The Senate Finance Committee made it clear that it intends to fully maintain the power of countervail. It has made no indication that any of that will be on the table in relation to this deal.

Let us examine this issue seriously. This is the largest industry in Canada which has had absolute free trade with the United States for half a century. The President of the United States is saying that this big ticket free trade item will have to be dealt with before free trade negotiations begin. He is saying that the Americans will have to bring a countervail against it in order to bring Canadians to their senses.

The Government should have been considering all kinds of information but has not been doing so carefully enough. Sam Gibbons has a Bill before the U.S. Congress which I believe is very likely to be the trigger mechanism in the present process. In an interview last February he said:

We ought to come to the rule of law instead of putting the ambassador in the terrible position of having to negotiate.

That is in relation to wood. The article goes on to say:

While Yeutter said the U.S. administration will keep plugging away with "blood, sweat and tears" to resolve what he called the unglamorous lumber