

*Canada-U.S. Free Trade Agreement*

Barrett, the former Premier of British Columbia, inflicted more damage in the 18 months that they were in power than the Liberals did in 18 years federally—and we all know what that meant: 18 years of Liberal-socialist coalitions.

It was just awful. Investment overflowed the province. No one had any confidence in the ability of British Columbia to play its rightful role in the larger scheme of things in Canada.

Those were the days when all we had was the opportunity to slash our forests and sell our resources in raw form, the only form in which the buyers would take them from us. Those were the days when there were a lot of ordinary people in British Columbia. Well, we are sick and tired of that ordinariness. We have different plans for Canada. We have different plans for the West, and different plans for British Columbia. We want to be a part of what has been experienced in Ontario in terms of the auto industry; we want to be part of the great things that are going on throughout the world. And we fully intend to play our rightful role.

There are no “good old days”. We in B.C. know that best. The lumber industry in British Columbia knows that best.

Trade with the United States is the life-blood of the forest industry, and the forest industry continues to be the largest industrial employer in Canada—not just in British Columbia, where it accounts for 45 per cent of all manufacturing output.

Canada's forest industry is the biggest contributor to Canada's balance of trade. In 1986, we exported over 50 per cent of our forest products, adding some \$16 billion to Canada's trade balance. Last year, \$18 billion was earned by the forest industry in foreign exchange.

The U.S. bought 75 per cent of our forest products exports. As a result of the overwhelming importance of trade in this key industry, some of the strongest support for the Free Trade Agreement comes from that particular sector and its employers. The forest sector knows first hand the devastating impact of American protectionism, or protectionism wherever it is found. It knows what protectionism costs in terms of jobs, in terms of cash flow, in terms of investment, and in terms of productivity.

As we all know, in recent years two countervail investigations were launched against Canadian softwood lumber and the shakes and shingles industry. As a result of those actions, our trade with the U.S. was adversely

affected. The U.S. forestry industry brought pressures to bear, and the politicians reacted and imposed tariffs on our products.

Given the value of the trade in goods and services between Canada and the U.S., amounting to some \$200 billion a year, there is a need to normalize that trade and solidify our relationships.

We in Canada have built a world-class industry around our trees, around our forests. We have built 350 cities and towns around this particular industry, with 8,000 businesses, large and small, now dependent upon our forests for their viability. Close to one million Canadians, directly and indirectly, derive their livelihoods from this important industry.

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We did this believing, perhaps innocently, that we can always rely on this great market in the U.S. to buy our products in whatever form we wanted to ship them. Of course, there were cycles, with housing construction being up and down in both the U.S. and Canada. Of course, there were currency fluctuations which from time to time adversely affected us as we were moving along. We learned to cope with these kinds of things. However, all of a sudden a tariff was applied and our most important industry is threatened, not just in its present configuration, but in all of its future prospects.

We know our forest industry is very limited, given its present configuration, in its prospects for expansion. The fibre is all committed. Even in British Columbia there are very few areas where there is room for expansion and additional fibre available. We know we have to work hard and diligently to restock our forests and replenish those areas which have been overcut. Therefore, our best prospects for growth lie in value adding, not just to our minerals and forest products but to all of the things we have shipped in the most primitive form in the past.

That has been threatened as well. Every time we add value to our products, the higher the tariff goes. That is why it is so important for us in the regions, East and West, that we enter into this trade deal. As we all know, those of us who have been in business, if there is no room for expansion or growth, your industry becomes stagnant and dies.

All of us know, of course, this tariff had nothing to do with the stumpage fees or economic rent that was assessed by the provinces on our trees.