

British Columbia and Québec, by far the largest softwood producers, suggested we conclude a suspension agreement. That would have involved taking the management of provincial forests out of Canadian hands, and intrusive monitoring by the United States.

We faced another danger.

A positive determination by the Department of Commerce would have been an open invitation to other special interest groups in the U.S. to challenge Canadian natural resource pricing practices.

It was apparent that we could expect no reversal of the preliminary determination and that the final ruling would go against us.

The wisest course appeared to be a negotiated settlement if we could achieve it on our terms.

That settlement would have to:

- first, maintain Canada's right to manage our resources on our own terms.
- secondly, keep any additional revenues in Canada.
- and finally, avoid the creation of any dangerous legal precedents which could be used against other resource industries.

Our proposal -- that the Federal Government collect an export charge on softwood lumber equal to the alleged 15 per cent preliminary determination and far below what the U.S. industry was asking for -- was placed before the First Ministers in Vancouver on November 20.

Nine provincial Premiers agreed, and so did the union representing the forestry workers.

I think it's important to look at what the American producers demanded throughout the negotiations and what the eventual outcome was.

- first of all, they wanted much more than 15 per cent, and wanted the export tax to apply not only to lumber but also to all of its products.
- then they asked for a floor price on lumber regardless of market conditions.
- they tried to expand the range of products covered by the countervail.
- finally, they demanded specific changes in provincial stumpage systems within a given time-frame, with a bilateral committee to oversee and approve the process.