

*Softwood Lumber Products Export Charge Act*

I am quite prepared to state that there was a genuine effort on the part of the Government to find a solution to the problem, but sadly, that effort went badly off the rails at many points throughout the process. As my colleague explained earlier, we ended up with an agreement that is very, very detrimental to the people of Canada.

The agreement is also detrimental to our sense of propriety. A cabinet Minister in the British Columbia provincial Government actually bargained behind the back of the federal Minister while these discussions were taking place. What is more, as Mr. Kempf has now admitted, Premier Vander Zalm himself was aware of this and had approved of it. That kind of behind the back under-cutting of our country's efforts must be recognized. Frankly, I am sure everyone in the House, including British Columbia Members and the Minister for International Trade, would join in condemning that kind of lack of solidarity at a time when serious negotiations are taking place.

After some years have gone by and we are looking back at this piece of legislation and this episode in our trade history, what will strike us most is not so much this behind the back dealing in British Columbia nor the job risks which were taken by the Government but the broader implications that cut right across the concerns of Canadians for our freedom and our future sovereignty.

• (1720)

I think it is necessary to read into the record yet again exactly what U.S. Commerce Secretary Malcolm Baldrige and U.S. trade representative Clayton Yeutter say is their understanding of this export tax. They said:

The U.S. government will monitor closely the operation of this agreement to ensure that the amounts collected through the export charge or replacement measures are not returned to or otherwise used to benefit producers or exporters of Canadian softwood lumber.

How can a country possibly accept that kind of incursion on its sovereign right to shape future policy governing its forest industry? They continue:

—it is the understanding of the U.S. Government that the U.S. Government would have to approve any changes in the export charge or calculation of the value of any replacement measures. Any changes made without U.S. Government approval would be considered a violation of the Understanding.

Let us just stop and recognize what we have here. This is a statement that a foreign Government—and regardless of our friendship with the U.S. it is a foreign Government—will have an effective veto power over our future policy towards replacing this export tax. If this Parliament chooses to do something which runs counter to that U.S. understanding, the U.S. will be able to say that it is a violation of the agreement and it considers the agreement null and void. That, of course, would have terrible consequences for Canadian lumber producers. We have, therefore, succeeded in putting a very large axe over the heads of Canadian lumber producers.

This action also affects remanufacturing firms right across this country, including my own constituency. The number of

jobs has gone up and down in those companies as a direct result of what one can either consider ignorance or a direct sell-out of their interests by the Government in response to U.S. demands. As we all know, in the final stages of negotiation of this agreement many parts of the remanufacturing industry which had been excluded were suddenly included. That has to be seen, unfortunately, as one more of far too many examples of trade failure on the part of the Government. We have had trade failure with respect to the oil industry, the steel industry, the potash industry, the fish industry, indeed covering a whole range of products including shakes and shingles, raspberries, and pork, which again is of importance to my constituency. Yet this sorry record is nowhere surpassed than in the course followed with respect to softwood lumber. On the basis of their failure to speak I can only conclude that those Ministers who have the responsibility for this exercise share that sense of inadequacy and shame over the course of action which was followed in this case.

This was a case where, in 1982, American lumber companies unsuccessfully brought countervailing duty action against Canadian softwood. At that time the International Trade Commission ruled that any subsidy which might be found was so small as not to warrant tariff action. American lumber producers were not satisfied and made another effort. If at first you do not succeed, try again. Before the ITC had an opportunity to even rule on the petition, Ottawa offered a 10 per cent tax surrender on September 13. On October 16 the ITC made a preliminary ruling involving a 15 per cent duty. I hope we all know the way U.S. trade law works. It requires agreement between the ITC and the Department of Commerce with respect to damage to a given industry. On December 23, 1986, the ITC reported that lumber prices were rising, as they have continued to rise for much of the time since then, and that Canadian industry was not hurting the U.S. industry severely. That was the conclusion reached by the ITC report at that stage. That led anyone who followed the case closely to conclude that it was likely that we would win the ultimate ITC decision on whether or not there was damage being done to the U.S. industry. The Canadian lumber industry was unanimous in saying it wanted to reach that stage in trying to fight the issue. That was the stage at which it wanted to confront and at which it felt very strongly it could be successful.

• (1730)

Before that stage was reached, on December 30, 1986, a Memorandum of Understanding was signed which accepted the 15 per cent export tax which this Bill puts into law.

I do not know how any thinking Canadian could conclude other than that this has been a story of surrender and giving up before necessary, dare I say a Tory story of giving up before it was necessary?

It is the story of a path that should not have been followed. However, the Government followed it, took these steps, and now we are beginning to pay the price. The United States building industry was buoyant for the first period of this year