

Mr. Chairman, and members of the committee:

Thank you for this opportunity to appear before you today.

I would like to make some very brief opening remarks.

There has been a great deal of misinformed discussion on this issue.

I think it useful however, to review the background, and to point out some facts that critics of this agreement conveniently overlook.

It is an issue of long standing, dating back to the 1950's. A previous countervailing duty petition was fought off in 1983, but that was not the end of it. It did not resolve the problem.

In May of 1986, a second countervailing duty petition was filed by U.S. lumber producers.

We made numerous representations to U.S. authorities.

We requested the establishment of a GATT panel to determine whether the pricing of natural resources could be subject to countervailing action under international trade rules.

Then at the urging of provinces and industry, we put forward a proposal to the U.S. in an attempt to head off any preliminary determination.

The proposal was not accepted.

On October 16, the United States Department of Commerce made a preliminary determination and set a countervailing duty at 15 per cent.

The Federal Government and the provinces, which are the owners of the resources, were faced with a difficult choice at this point.

Ontario wanted to go on fighting and, if necessary, challenge the decision in the U.S. courts. However, by this time U.S. lumber producers had filed for duties of 36 per cent. If the Department of Commerce accepted that, prospects for Canadian producers would be devastating. The route through the courts would have been long, there was no certainty as to the outcome, and millions of dollars would have found their way into the U.S. Treasury.