In addition to those measures, the Government announced it would closely monitor the impact of the American duties on Canadian shakes and shingles exports. We are meeting with industry representatives on an ongoing basis to assess the impact and to determine what measures might be necessary and appropriate to assist the industry.

The second action against Canada's forest products industry was taken on Friday when the U.S. Department of Commerce announced that it would accept a countervailing duty petition against our softwood lumber. This action was not unexpected, but it is highly regrettable. As my colleague, the Secretary of State for External Affairs (Mr. Clark), told the House on Friday, we had urged the administration not to accept the petition which was filed by a group of U.S. lumber producers because it was simply going over the same old ground, bringing up the same issues that had been raised in a similar action only three years ago, an action that was determined in Canada's favour on essentially the same facts under the same U.S. law.

But there are significant differences between the shingles and shakes issue and the softwood lumber issue. Unlike the tariff imposed by the administration on shingles and shakes, the countervailing duty action is not a discretionary decision by the President. It is a quasi judicial process in which the administration has little discretion regarding the acceptance of a properly documented petition and virtually no discretion thereafter, except with the agreement of the affected industries on both sides.

The decision to consider the countervailing duty petition against our softwood lumber must also be kept in perspective. It is not a sanction. It is not a judgment. It does not even reflect the merits of the case. In recent years the U.S. Commerce Department has carried out seven countervail investigations on Canadian exports, since 1982, and only three of them have resulted in the application of actual countervailing duties. Morever, there will be no immediate impact on our softwood lumber exports. Even in the worst case scenario a countervailing duty is unlikely to be levied before December, although a bonding requirement could be imposed in early August pending the outcome of the examination. We draw some comfort from the assurance of the U.S. administration that this proceeding against our softwood lumber, like the other countervail actions that come before the Commerce Department, will be decided on its legal merits, that due process will be observed and that political considerations will not intrude into the process. We will make every effort, in co-operation with the Canadian softwood industry and with the provinces, to fight this case in the U.S. system and to win it, just as we won the case in 1983.

On Friday of this week three members of the Cabinet, the Secretary of State for External Affairs, the Minister of State for Forestry (Mr. Merrithew) and I will be meeting in Vancouver with provincial Ministers and representatives of the lumber industry and labour to review all aspects of our strategy to turn back this threat to a vital Canadian industry.

There are those who would suggest that these two American actions, the duties on shakes and shingles and the countervail investigation on softwood, provide sufficient cause for cancelling the over-all trade negotiations between Canada and the United States. I would suggest just the opposite, that both actions serve to underline the need for negotiations to establish a broad trade agreement, an agreement that would create acceptable dispute solving mechanisms and would secure our access to the U.S. market.

It is clear, Mr. Speaker, that the current international rules do not provide the certainty and security of access to the U.S. market which Canadian producers need to plan and invest. It is also clear that the existing rules can be improved only through international negotiation and that there are two avenues along which such negotiations can take place. One is bilateral with our principal trading partner, and the other is multilateral under the GATT. This Government is pursuing both avenues.

As Members opposite are aware, the General Agreement on Tariffs and Trade is the current contractual basis of our trade relations with the United States. It represents a careful balance of rights and obligations. The General Agreement on Tariffs and Trade recognizes that subsidies may have harmful effects on trade and production. It therefore permits the application of countervailing duties in situations where subsidized imports are found to be injurious to domestic producers of the same product.

Detailed international rules were negotiated in the Tokyo round of multilateral trade negotiations, rules aimed at ensuring that these countervailing measures do not unjustifiably impede international trade, but that relief is available to local producers adversely affected by foreign subsidies.

• (1210)

The Tokyo Round also established an international framework of rights and obligations for countervail actions. Indeed, from Canada's perspective one of the most important achievements of the Tokyo Round was agreement by the United States to incorporate an injury test into the countervailing duty law. As a result, several longstanding countervail findings against Canada were wiped from the books. Both Canada and the United States have equipped themselves to exercise their rights under the GATT to apply countervail duties to protect their domestic producers.

The countervailing duties which are currently being applied by the United States to our exports of live hogs and fresh groundfish are the result, not of a political act by either the Congress or the administration but of a quasi judicial proceeding under U.S. laws and the rules of GATT. The only immediate recourse is through the U.S. courts, an option which the Canadian producers concerned are currently pursuing. The U.S. administration simply does not have the authority to rescind a quasi legal finding whether it agrees with it or not. Similarly, I am sure the Opposition would agree that it would be inappropriate, if not impossible, for the Canadian Government to reverse a decision by a similar quasi judicial proceeding in Canada. We will still continue to respect the rule of law.