

*Softwood Lumber*

judge in this case. There is no way in which the free trade agreement can be offered as an adequate answer to that particular practice of the United States. It has rendered the Canadian exporters of softwood lumber more and more vulnerable to American pressures.

I want to quote the Minister for International Trade. He said: "We have argued strenuously that Canadian stumpage practices and log export restrictions do not constitute subsidies. We will continue making that argument to the U.S. department of commerce and, if necessary, to an impartial, bi-national panel provided for under the free trade agreement".

The minister says "—if necessary to an impartial, bi-national panel". However, the fact is that the existence of the free trade agreement and the so-called impartial, bi-national panel has not acted as an obstacle or a hindrance to the United States in pursuing its protectionist commitments in the case of softwood lumber, or in the case of automobiles as I mentioned a moment ago.

We have in the free trade agreement a dispute settlement mechanism that is seriously flawed. The purpose of the dispute settlement mechanism was to provide a way in which trade disputes between our two countries could be settled amicably and by common understanding. In fact, that is not the case at all.

• (2050 )

The agreement which instituted the bi-national panel merely provided for a panel to consider whether U.S. trade law is fairly applied. It is not to decide whether some objective, third party standard is met but whether U.S. trade law itself is being fairly applied. The decisions of the panel, even in that limited area, are not binding unless the two governments have a prior agreement that the decision of the panel should be binding. The result is that we have a dispute settlement mechanism that is both biased and flawed.

In the specific case of softwood lumber we will very likely see a decision to resort to the bi-national panel. However, that decision will be made only after a further process is completed within the United States itself.

A moment ago the minister drew attention to the fact that in this process we are only at the second of four stages. It will be several months yet before reference could be made to a bi-national panel. At which time the bi-national panel will take some time to complete its consideration of the Canadian case against the U.S. import duty.

What does this mean in practice? It means that in the provinces of British Columbia and Quebec, and the western provinces generally, it will be necessary to pay the U.S. penalties in the meantime. What is this government prepared to do? It got itself into this situation in which Canadian exporters are being penalized. It has got itself into a situation in which the Canadian softwood lumber industry is going to be adversely impacted, adversely affected by the agreement. Will this government offer the industry some assistance in seeing it through what is obviously a very difficult interim period until, as we all hope, a satisfactory resolution is reached?

What is the Canadian government's commitment to help companies with bonding requirements? What is the Canadian government's commitment to assist the workers, employees and companies with the assistance they may need during this period of review of the arbitrary U.S. decision?

One of my colleagues in the course of our discussions in the last days has drawn attention to the Employment Support Act of 1971. Does the government choose to employ that opportunity to direct assistance to an industry, and I quote: "whose exports are subject to unfair duties and harassment by foreign countries?" The Prime Minister has described this issue and the automobile issue as vexatious harassment of Canadian industries. By saying that the industries are being harassed by the American government is the government saying that it will assist the industries through this period of adjustment?

Let me turn for a moment to the more fundamental question. I will touch for an instant on the question of the effectiveness of the dispute settlement mechanism within the free trade agreement. I noted its flaws and I noted its ineffectiveness. I want to pursue that point.

The government chose that route. It accepted an inadequate response to the U.S. demand that it retain within itself its own sovereignty in the question of dispute settlement in foreign trade matters.