

*Statements by Ministers*

subsidy to Canadian lumber producers. We are going to fight this all the way.

**Some Hon. Members:** Hear, hear!

**Miss Carney:** Political leaders cannot stop the process of industries petitioning to restrict imports under existing U.S. trade laws. This is why it is so important that we pursue our bilateral trade talks with the United States. Today's decision is a graphic illustration of how protectionist pressures in the United States impact on Canadians and Canadian jobs. That is why we are at the table. Canadians need a trade agreement with the U.S. to secure our access to U.S. markets and to deal with trade disputes. This Government is vigorously pursuing these objectives because it is in Canada's best interest to do so. That is why the Prime Minister (Mr. Mulroney) launched this historic initiative a year ago.

I want to emphasize that today's decision is not the end of the road, it is a preliminary decision. It is just another step in a long quasi-judicial process. We will pursue all avenues available to us to argue against this determination. We have already invoked GATT dispute settlement procedures. The U.S. Commerce Department must now verify its determination and make a final decision by late December. Even if the preliminary decision is confirmed, countervailing duties would not be applied unless the United States International Trade Commission finds injury in its final determination due in mid-February. If either of these rulings is in Canada's favour the case is terminated. In addition, both sides have the right to appeal the outcome in the U.S. courts.

It is important to note that today's preliminary determination does not result in any duty being imposed on Canadian lumber. Canadian exporters will be required to post bonds until there is a final disposition of the case. This will be a burden to Canadian softwood lumber exporters and represents a potential liability. Today it is lumber; tomorrow it could be any number of issues. Uncertainty prevails. This is not the way to conduct business between the world's largest trading partners. There must be a better way. We must change the rules in order to stop the harassment of U.S. interest groups against competitive and fairly traded Canadian exports.

● (1540)

We have worked closely with the provinces, industry, and labour throughout this investigation. Early next week we will be meeting to review in detail the basis on which Secretary Baldrige has reversed his earlier decision and to plan our strategy for the next phase of this investigation.

**Some Hon. Members:** Hear, hear!

**Hon. Lloyd Axworthy (Winnipeg—Fort Garry):** Mr. Speaker, I thank the Minister for making a prompt statement to the House. On behalf of, I expect, everyone on both sides of the Chamber, I say that this is a sad and tragic day for the Canadian economy, particularly for the forest industry which is a supplier of so many jobs.

[*Translation*]

The consequences are many and far-reaching. In the short term, this will create instability in the forestry industry, the existence of smaller businesses will be threatened and consumers and industry will have to absorb substantial costs.

[*English*]

There is an old saying—I told you so. Last spring when the Prime Minister (Mr. Mulroney) rose and said that there was a clean launch and that there were no attachments to his grand design for free trade negotiations, we said that there was a price to be paid. Today we know what the price is.

**Some Hon. Members:** Oh, oh!

**Mr. Axworthy:** It is 15 per cent on our forest products. It is a \$600 million additional cost to the Canadian industry. That is the price this Government is forcing Canadian industry to pay.

**Miss Carney:** This Government?

**Mr. Axworthy:** There was no clean launch. The fix was in at that time, and now we know what is the cost to Canadians. There is no way that the Government can evade that responsibility. That is the cost we have to pay and the bill is now being put on the table. The bungling or mismanagement of trade negotiations which we have seen in the last several months is deplorable. The Government cannot manage its way out of this Chamber, let alone into difficult negotiations with the United States.

It is incredible to think that now the Minister will say "we will fight in every avenue" when only three weeks ago she was prepared to surrender and to try to make a deal which would have provided even more serious consequences for the Canadian industry. It is no wonder that they made a decision when we telegraphed a message weeks ago that we were not prepared to give in. It is no wonder that our case before that tribunal was compromised. The Canadian Government was already backtracking for days and weeks and saying: "Please accept it; we will try to work something out". If it is a quasi-judicial process, as the Secretary of State for External Affairs (Mr. Clark) said last spring, why did the Minister change her mind and change the position of the Government and thereby weaken our position?

The fact of the matter is that this decision goes far beyond the implication of immediate cost. That is bad enough. There is no doubt that the addition of a 15 per cent import duty is a very severe blow. As a spokesman for the industry said in a recent report, 20 per cent would be a disaster. I can say that 15 per cent is just short of a disaster. It will have a crippling effect upon the economic capacity of the industry. However, far more important, the United States is now establishing a very dangerous principle of international trade. It is saying that it now has the right to determine the prices of natural resources in other countries. That is contrary to every international rule of trade, that is contrary to the spirit of the Quebec