

*Softwood Lumber Products Export Charge Act*

**Mr. Penner:** Oh, come on!

**Mr. McDermid:** The Hon. Member makes the assertion that we would have won the case. The best advice we could receive, advice which came from the same people who were involved in the 1983 case, was that we were not going to win. That was the advice we got, and that was from the same people who worked on the 1983 case. They told us we were not going to win it, and we were not going to win it because of the change in attitude in the United States.

Everyone knows that the protectionist mood in the United States has grown rather dramatically over the last number of years, and particularly so since the 1983 case.

At the time of the 1983 case, there was a different mood in the U.S., a different Government, a different mind-set entirely.

The Hon. Member is a great crystal ball gazer. It was a judgment call by the provinces and by this Government. In fact, if one takes the time to go back and check, one will find that the lumber producers themselves suggested a negotiated agreement. That is well documented.

The sovereignty issue Hon. Members opposite keep raising is, to my mind, a smoke and mirrors type of argument.

**Mr. Deputy Speaker:** Is the House ready for the question?

**Some Hon. Members:** Question.

**Mr. Deputy Speaker:** The question is on Motion No. 7 standing in the name of Mr. Axworthy.

Is it the pleasure of the House to adopt the said motion?

**Some Hon. Members:** Agreed.

**Some Hon. Members:** No.

**Mr. Deputy Speaker:** All those in favour of the motion please say yea.

**Some Hon. Members:** Yea.

**Mr. Deputy Speaker:** All those opposed please say nay.

**Some Hon. Members:** Nay.

**Mr. Deputy Speaker:** In my opinion the nays have it.

*And more than five Members having risen:*

**Mr. Deputy Speaker:** Pursuant to Standing Order 114(11), a recorded division on the proposed motion stands deferred.

The next motion is Motion No. 9, standing in the name of Mr. Fulton.

**Mr. Jim Fulton (Skeena)** moved:

Motion No. 9

That Bill C-37, be amended in Clause 15 by striking out lines 4 and 5 at page 11 and substituting the following therefor:

"Act;

(c) conditionally or unconditionally exempt any softwood lumber products from corporations that can demonstrate that they meet the requirements met by those corporations presently exempt from the charges of this Act;

(d) conditionally or unconditionally exempt any softwood lumber products from corporations that can demonstrate that their raw log supply comes from regions not named in the 1986 U.S. Countervailing Duty action.

For greater certainty this includes those areas outside of B.C., Alberta, Ontario and Quebec; and

(e) conditionally or unconditionally exempt those softwood products such as remanufactured products which were not named in the 1986 U.S. Countervailing Duty Action."

He said: I am pleased to speak to Motion No. 9. The proposed paragraph (c) is as follows:

(c) conditionally or unconditionally exempt any softwood lumber products from corporations that can demonstrate that they meet the requirements met by those corporations presently exempt from the charges of this Act:—

As many Members of this House will know, there are some two dozen corporations that have been exempted. Those corporations are not set out by way of appendix or annex to the Bill, notwithstanding the suggestion in the committee that that be done. They are, however, to be found in the memorandum of understanding.

During committee consideration of the Bill, we heard time and time again from witnesses from across the country the fact that over the course of last summer some companies happened to hear about the procedures to be undertaken to obtain an exemption, and in fact did so, but that others simply were not aware of it.

It has never been entirely clarified as to who was responsible for getting this information out. I am not laying blame on anyone's doorstep. However, as a consequence, many firms simply were unaware of the steps to be taken to obtain an exemption.

By the time the preliminary determination came down on October 16, 1986, it was too late for them, and certainly by December 30, 1986, at which point the negotiations were over and the memorandum of understanding signed, many companies had not taken the necessary steps to be exempted from the 15 per cent export tax.

What has happened is that in some parts of the Atlantic Provinces, a very substantial percentage of the companies are on the exempt list. In some regions, notably in the Province of New Brunswick, over 90 per cent of the forest lands held by corporations are exempt, with the percentage in other parts of the country being much lower.

As a consequence, we have something that we do not find across the landscape of Canada in any other sector that I am aware of, that being that there can be two forest products companies operating on opposite sides of the street, both harvesting the same species, paying the same wages, and selling product into the same markets, one of which is exempt from the 15 per cent export tax and the other not.

What we discovered happened was that during the negotiations it was decided that the short list of those corporations