

systems, as well as social structures. However, those are the issues we have to address and this Bill will implement—

Mr. Speaker: I regret that the Hon. Member's time has expired.

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, on the second last day of 1986 the Progressive Conservative Government signed an eleventh-hour deal with the U.S., a deal without precedent in our history. In what should be described as the terms of surrender, Canada sustained its most severe blow yet along the Prime Minister's path to free trade. This deal, which has Canada imposing a 15 per cent tax on all softwood lumber exports to the U.S., including dressed products and remanufactured lumber, including even American lumber which has been imported and re-exported, is comparable to a sports team coming home from an out-of-town game having sustained a terrible drubbing and then saying it could have been worse.

I would like to briefly review the chronology which has led up to this disastrous agreement. We are all well aware of the preliminary determination and, perhaps more importantly, what preceded it, the victory won by the Canadian industry lobby in front of the U.S. International Trade Commission. We are well aware of the ripple of shock which went through Canadians when it was announced that the U.S. lumber industry was again seeking an ITC ruling in its favour for protectionist measures against Canadian lumber. The preliminary determination by the ITC went against the Canadian industry and it would appear that is when our country's troubles really started. Until that time there had been little intervention by the Government of Canada. Yet at a time when Canadians should have pulled together, when Government, industry and the unions should have co-operated, it appears that our Government struck out on its own on a course which led us to the predicament we are now in.

I would like to briefly quote the President of the Canadian Forest Industries Council:

The second thing we can clearly note from this sorry tale is the absence of a formal protocol or mechanism for coming together as Canadians.

He continues:

The solo excursions of various politicians into what had theretofore been a successful co-operative strategy destroyed years of the most extraordinary united effort by a major industry.

There he is of course referring to the Minister for International Trade (Miss Carney). Those are telling, trenchant condemnations of the Government's failure to consult. I do not think there is some form of vested interest in those remarks. There is no percentage in the President of the Canadian Forest Industries Council criticizing a Minister of Government in those terms, unless it be simply to put on the public record before Canadians what the truth is and where the Government has fallen down.

It is not my intention to merely conduct a jeremiad against the Government's actions. It is certainly not to indulge in the sort of Pollyanna optimism we just heard from the Hon.

Softwood Lumber Products

Member for Capilano (Mrs. Collins). The agreement is signed and I would like to deal with the reality. Whether it was signed at 10 per cent or 15 per cent, it contains very serious defects.

The straws that the Government is clutching at in its interpretation and presentation of declarations of support are in fact assessments and analyses made by various interested partners. It seems to me that the need for certainty very much governs the assessment. I believe that is why there has been an indication from the unions in British Columbia and some industry spokesmen that perhaps they can live with the agreement. It is the greater fear of uncertainty which exists in that province and the lumber-producing sector which is less evident in other parts of the country. That of course is influenced by the very high level of unemployment in British Columbia, unemployment which the Government has done little if anything to recognize and absolutely nothing to bring down. It is said that a drowning person will clutch at a straw and that is indeed a straw which the Government has thrown to the industry in British Columbia.

We have a range of analytical and speculative factors that will govern our reaction to the possibility that without an agreement the case would have been won. I do not want to gratuitously attack the Government here. Obviously it had to make its own judgment. However, it could have signed a far better agreement than it did. It could have signed an agreement that would not lead to the many problems that this agreement will.

• (1200)

This agreement does indeed dangerously compromise Canadian sovereignty. Barely a commentator or analyst has attempted to rebut that point. It allows for the replacement of the export charge with stumpage increases only through U.S. agreement that the value of the stumpage increase alternative is equivalent to the export charge. We are letting the competition look at our books. Even in provinces like British Columbia, where it is acknowledged by the Government that stumpage is too low, it is unacceptable in terms of Canadian sovereignty and independence to allow the American Government to dictate what the level of increases should be.

The American interpretation specifically prohibits the provision of grants, low-cost loans, and other benefits to the forest industry. It is totally amazing that the United States Government and its International Trade Commission have been granted the power to shape the future evolution of the Canadian forest industry, far more than perhaps even they believed possible. They now have *de facto* approval over virtually any development in our forest industry.

The agreement states that any replacement stumpage must yield the same price increases on lumber exports to the United States as the tax. This could have disastrous consequences for the pulp and paper industry in Canada which is larger than our softwood lumber industry. If we follow the American prescription, we will have a stumpage system which will render our industry vulnerable to competition from U.S. domestic