

*Supply*

Auto Pact. Our second challenge to the Government is that it accept the recommendations of the special committee of last summer and set up with the United States a trade dispute settlement mechanism, not one which will try to be super national and replace what the Americans will never give up, but something which will work to help both sides get together to work out problems. Third, we challenge the Government, as the Secretary of State for External Affairs put it, to put into effect the Employment Support Act, and we will support it on that. Fourth, we challenge the Government to restart the lumber talks and make them the centre-piece of an attempt to get for the lumber sector the first of those sectoral deals. This would give us some sense of security in that market in the future. However, it should be done by concentrating on problems like that of lumber, instead of trying to spread oneself entirely across the map through a free trade thrust. The last challenge would be to show a seriousness about the new approach to which the rhetoric this past weekend referred. At this stage the challenge has to be to abandon Simon Reisman and his approach to comprehensive freer trade and the team which has been assembled to try to seek that comprehensive freer trade.

If the Government accepts that challenge there is a very real possibility of a consensus in Canada in respect of our trade relations with the United States. If that challenge is not accepted, then what was said this weekend shows us yet again that it is one of those empty veils or one of those subterfuges to perplex Canadians rather than to lead them.

I put those challenges to the Minister. I put those challenges to the Government. It is possible to move ahead with some unity in the country on this issue. However, it will take a firm recognition on the part of the Government that in this case it has accepted a new direction instead of the direction in which it started last September.

**Hon. James Kelleher (Minister for International Trade):** Mr. Speaker, I should like to start by making a point. Leaving aside the political rhetoric of the first paragraph of the motion before the House, the Government of Canada would find it hard to oppose the sentiments contained in the resolution. The Opposition has just reinvented the wheel, but it is our wheel.

Let us look at the substance of the motion. The first point calls upon the Government to assist workers in the lumber industry and in the shakes and shingles industry by invoking the Employment Support Act. The Government is already examining that option. However, in the case of softwood lumber, there is no injury to the industry as yet. All that has happened is that the United States Department of Commerce has agreed to examine the petition filed by the U.S. lumber lobby.

The Opposition acknowledges this in the second point which indicates that the Government should assist in every way the softwood lumber industry in making the Canadian case before the United States International Trade Commission. The Government intends to assist the softwood lumber industry in every appropriate way. Indeed, we have made extensive plans for that assistance.

The third point of the motion is to ensure that proper time is given to make the case by, if necessary, obtaining extensions of hearing time. Again, it is government policy to give the industry all possible help. On the matter of time, however, the limits are set by U.S. law and they are not subject to outside intervention.

● (1200)

The Opposition's last proposal, Mr. Speaker, is that the Government initiate "proper and effective action under the rules of GATT to ensure that this matter is satisfactorily considered by the international trading system." Again, we intend to take such action at the appropriate time and in the manner best suited to obtain the support of the GATT. Indeed, the Canadian position has already been set out clearly on May 22 in the GATT Council as is permitted under its rules of procedure. I would point out that we are extremely well positioned to take action under the GATT.

As members of all Parties in this House are aware, this Government has been playing not only an active role but a leading role in the GATT. Since we came into office, Canada has been a principal player in getting the next round of multilateral trade negotiations started. We have also been asked to play a leadership role on behalf of Third World countries in that round. We have a great reserve of international sympathy and support.

In short, we have already put into action the measures proposed by the Opposition in so far as those measures are within our power to put into action. Indeed, we have gone far beyond them. We are now fighting battles on two quite different fronts: cedar shakes and shingles and softwood lumber. It might be useful here to review exactly what has taken place.

On May 22 the United States Government moved, without prior notice, to protect American producers of cedar shakes and shingles by imposing a 35 per cent duty on imported shakes and shingles. This action was taken in full knowledge that Canadian producers were competing fairly, without subsidy, and that a major factor in the decline of the American industry was a shortage of American cedar logs.

The Canadian Government found this action unjustified and unacceptable. We have made a determined effort to regain full access to the U.S. market and we will continue to do so. We will continue to do so even though the U.S. administration has said that it is not prepared to remove the tariff, that it is not prepared to provide compensation to Canadian producers and that it is not prepared to take any measures that would help Canadian producers maintain reasonable access to the U.S. market.

In the face of this attitude, the Canadian Government determined that an appropriate and measured response was required, and my colleague, the Minister of Finance (Mr. Wilson), announced those measures effective this past Friday, June 6.