

Softwood Lumber Products Export Charge Act

the Americans did not like it. They became very protectionist and they protected themselves.

[Translation]

That is exactly the same situation for our farmers here in Canada. There was in the United States a farm bill providing massive subsidies for American wheat and grain exports elsewhere in the world. Sometimes, they take over Canadian markets because of their enormous subsidies.

[English]

I say that I cannot support this kind of legislation, Madam Speaker. My constituents do not support this kind of legislation. They fear as I fear that we have a Prime Minister who is gradually selling out this country. It is time to stand up for Canada.

[Translation]

Now is the time for our country to act. The time has come for Canada to act, Madam Speaker.

[English]

Hon. Douglas C. Frith (Sudbury): Madam Speaker, this is the second time I have had the opportunity to address the House on Bill C-37 dealing with the lumber agreement made between Canada and the United States. I would like to review for the benefit of Members of the House several of the reasons that the Conservative Government feels Bill C-37 is necessary. I would like to outline the rationale behind the way in which the Conservative Government went about dealing with the difficulties that Canada's lumber industry was having with the American lumber industry, and in that attempt, to some extent, put some logic to Bill C-37, logic which I do not believe can be found but nonetheless I will attempt the task.

First, the Minister for International Trade (Miss Carney) indicated that the deal was made to "protect thousands of jobs in the Canadian lumber industry". Second, she indicated that the deal was signed because "We were convinced we would lose the final determination." Ostensibly I would assume that the Minister for International Trade had a legal opinion to back up that comment, and I will come back to that in a moment. Third, the Minister indicated that "If we lost our case, we would be entrenching a dangerous legal precedent." Lastly, "Why should we as a country be concerned about this agreement when, in fact, the federal Government has not interfered with the provinces rights to use their own resources?" Those are the four major points made by the Minister for International Trade in her address to the House. I would like to respond to each of those reasons for us to support the Bill.

• (1550)

Upon close examination of the arguments in favour of supporting this piece of legislation, one finds that each point has a flaw in its logic. Let us deal with them. The Minister for International Trade mentioned that the deal was made to protect thousands of jobs. I assume that the Minister was

simply referring to jobs in the lumber industry itself. She did not mention what would happen to the thousands of jobs in the value-added industries that will be lost as a direct result of the export tax being applied to these goods.

I would also quarrel with the notion that this agreement will protect thousands of jobs on the grounds that a large segment of the Canadian forestry industry has a great deal of concern about the impact of the export tax on markets. I say this in an attempt to simplify a very complicated situation. There is a danger that as a result of the loss of markets in the United States the lumber industry in British Columbia, which has traditionally not been a competitor in the Ontario market supplied by northern Ontario and Quebec, will find itself faced with competition that never existed before. The concept of thousands of jobs being saved through the imposition of this export tax which is placating our friends South of the 49th parallel has a flaw in its logic.

Second, the Minister indicated that the deal was good because, as the Minister said, we were convinced that we would lose the final determination. That has always been true. That is an inherent danger for any industry that comes under question by our American trading partner. There is a tribunal before which Canadian workers can complain about being unfairly attacked by American products, and that is true of our neighbour South of the border as well.

This problem did not come about overnight. We had the same difficulty in 1982 and 1983 when the American lumber industry complained that our stumpage fees were an unfair subsidization of the Canadian industry. At that time the Liberal Government did not cave in to the pressures of the American lumber industry, but chose to fight the imposition of an offsetting tax. We were very successful in our fight before the tribunal which deals with international trading disputes between the two countries.

As late as December 23, 1986 a preliminary report indicated that the tribunal judging our case may well have voted in favour of Canada. Yet by legislating Bill C-37 we have pre-empted any choice. We have no choice in this matter now that the Government has caved in to the American demands and has imposed a tax on our own industry. In my opinion, that sets a very dangerous precedent.

Speaking of precedents, the Minister of International Trade went on to say that the third reason we should sign the agreement was that if we lost our case it would entrench a dangerous legal precedent. Good heavens, she was worried about legal precedents, but what kind of precedent is set by acquiescing to the demands of the United States to sign the lumber agreement?

I submit that as a direct result of caving in to pressures from the United States on the lumber industry we have opened up a number of other critical sectors of our economy to the same kind of pressures. The American lumber industry does not operate in isolation from other associations representing the interests of steelworkers and the agricultural sectors of the