

The U.S. Department of Commerce has just announced that it has made a preliminary subsidy determination which could result eventually in the imposition of a countervailing duty on exports of softwood lumber from Canada.

I deplore today's preliminary determination which cannot be justified either under U.S. law or GATT rules. I am deeply disappointed that Secretary of Commerce Baldrige has decided to reverse the decision which he made in 1983 in the previous countervailing duty investigation involving softwood lumber. Stumpage does not provide a subsidy to Canadian lumber producers.

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's 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's why the Prime Minister launched this historic initiative a year ago.

I want to emphasize that today's decision is not the end of the road. 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 determination 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's 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 is a better way. We must change the rules in order to stop the harassment by U.S. interest groups against competitive and fairly traded Canadian exports.

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.