

Softwood Lumber

I would like to ask the minister: What about the workers in Chetwynd and Dawson Creek? More than 7,000 workers in the industry have lost their jobs because of the MOU before this tariff in British Columbia.

I would like to speak to the impact of this tariff in my riding of Mission—Coquitlam. This 14.5 per cent tariff translates into \$75 per \$1,000. Many people wonder just what is softwood lumber. There may be some people really wondering that. What we are discussing here is 2x4s and other home construction woods.

Some B.C. employers in the industry have said they can absorb some of the extra cost of this tariff, but what will the cost be to the workers? While the industry has said that if it has to pick up the extra costs there will have to be a reduction in production, that means jobs lost.

In my riding in the Fraser Valley lumber mills run from Mission to Coquitlam along the Fraser River. One mill is operating at full production. That mill is Hammond Cedar and it is operating full tilt because B.C. cedar is second to none as a decorative lumber. Every other mill in my riding, the White Wood Mills, the ones that produce housing material, are on half production.

When I spoke today to Dave Tones, president of the IWA Local in my riding, he told me that 40 per cent of his membership is laid off; 40 per cent laid off before the tariff last Friday. He said that every woodworker understands who got them into this mess. They know that the way to turn the industry around is to reduce interest rates, to lower the Canadian dollar, and to get rid of this unfair tariff.

Peter Murphy, the American negotiator in our Canada-U.S. Free Trade Agreement, has been heard to say that he does not think Canada will be successful in fighting this tariff under the dispute mechanism. That is interesting because Canadian lumber does not injure the U.S. The countervailing duty investigation, self-initiated by the Department of Commerce, is not about economic injury caused by Canadian imports but about retaliation against Canada for its lawful termination of the memorandum of understanding on softwood lumber.

The allegations that imports of lumber from Canada cause injury to the U.S. lumber industry are derived from five basic myths. The first myth is that Canadian imports are growing during a period of weakening demand in the U.S.

The fact is that during the past three years, Canada's export volume to the U.S. has declined steadily, falling nearly 12 per cent between 1988 and 1990 and an additional 5 per cent this year.

The second myth is that the U.S. lumber producers are facing a cost price squeeze caused by imports from Canada as log costs rise faster than lumber prices.

The fact is these cost price pressures exist in certain regions of the United States but not because of imports from Canada. They result from a withdrawal of harvest lands for environmental reasons and substantial exports of U.S. logs to Japan.

The third myth is that U.S. lumber prices are falling. The fact is both U.S. and Canadian prices have increased more than 8 per cent since 1988 and were near their peak level in the third quarter of 1991.

The fourth myth is that Canada's alleged subsidies caused Canada to overproduce. The fact is over the last decade Canada's lumber production as a share of total North American lumber production has remained constant.

The fifth myth is that B.C. and Quebec will undo the replacement measures implemented under the memorandum of understanding and reduce the over-all cost to Canadian industry. The fact is that changes in stumpage and forestry measures have been introduced in several Canadian provinces since 1986 for compelling domestic reasons and have become law. There is no reason to expect any changes, nor is there an increased economic incentive to undo replacement measures.

The workers in the forest industry in British Columbia were just offered zero per cent in the first year, zero per cent in the second year, and 85 cents on the base rate in the third year of a three-year agreement. That 85 cents translates to 4.9 per cent on the base rate in the third year of a three-year agreement.

This is clearly private sector industry on the ropes. These are workers and whole communities that are on their knees. They are depending on this minister and the government to defend them. My colleague from Prince George—Bulkley Valley said that we have to keep up the fight at GATT and we have to stand up for Canada, the forest industry, small communities and businesses, and forest industry workers. I concur with that.