The core of the argument suggested by the American producers in 1983 concerned stumpage fees. We should be promoting a very good and supportable hypothesis in the United States that that argument on stumpage fees is fallacious. After all, the International Trade Commission itself found that the auction of timber rights in the United States encouraged speculation, just as the auction of oil exploration rights has encouraged speculation. That resulted in American stumpage prices being two to six times greater than Canadian prices. Of course, this was partly a function of the fact that 72 per cent of all timber land in the United States is privately owned and the cutting rights are sold by auction, unless the owner uses them himself, herself or itself in the case of a corporation. In contrast, virtually all timber land in Canada is under Government ownership and control and cutting is done on a licence system rather than an auction system. While our system has perhaps resulted in there not being enough revenues to undertake proper reforestation and proper forest management procedures, it can hardly be said that by having a stumpage system that relates the final price of the timber more closely to the price paid to the land owner than does the American system, Canada has in some way taken a discriminatory, predatory or unfair action against U.S. producers.

The fact is that the timber auction system in the United States has largely priced American producers out of their own market. Therefore, they should look to their own traditions, laws and economic system if they are to correct what they see as an unreasonable degree of penetration in the Canadian market. Furthermore, as a sovereign country, we must reserve the right to set our own stumpage system and our own timber cut licence system in the best interest of our forests, our jobs and our Canadian workers. We are not talking about subsidies, we are talking about definite fees that are paid to the Government for the use and the harvesting of the timber.

We note with some suspicion the deletion of certain sections from the study that was carried out by Arnold and Porter on the United States trade remedy law. Did those sections in fact indicate that the American Senate and Congress would impose pre-conditions for the approval of the talks? We believe they may well have done so and we think that the interview that was published in today's Ottawa *Citizen* with Mr. Len Santos, a senior U.S. Senate trade adviser, indicates clearly that we are not talking about a judicial process, as the Government would have us believe. It is not a quasi-judicial process as the mandate of the International Trade Commission would indicate. It is a combination of a quasi-judicial and a political process and, indeed, we as Canadians would claim that our rights were being violated if we were not allowed to apply a similar system in this country.

I believe that the motion which I originally criticized for lack of content needs amending. Therefore, I move, seconded by the Hon. Member for Prince Alberta (Mr. Hovdebo):

That the motion be amended by deleting the period at the end of the statement and adding

"(5) and ensure the free-trade negotiations not proceed until such time as the mandate of such talks focuses on a sector-by-sector approach with Canadian safeguards, and the countervail procedures against each country by the other be suspended until such talks are concluded."

Let me give a couple of examples of our need for a bilateral trade commission. We have had continuing permanent bilateral arrangements with the United States for the better part of a century.

The Acting Speaker (Mr. Paproski): Order. I want to reserve on the motion but I will give the Hon. Member the minute that he has remaining in his debate.

Mr. Parry: Mr. Speaker, the International Joint Commission, the International Boundary Commission and the International Boundary Water Commission are examples of the permanent institutions that we have had jointly with the United States. While these bodies regulate matters which surely are of great significance to Canadians, they are of less importance than the trade upon which so many Canadian jobs depend.

The European Economic Community is a glorified trade commission, whose trade regulation and trade management is a very significant and important part of its mandate. Our Party believes that this is one concrete initiative that the Government could take. If the Government looked at historical precedent, it would see that this initiative would be entirely in order in erecting the institution as a first step in trade talks. It would be a necessary precursor of those trade talks, rather than an afterthought when we find that after two years of intensive negotiations most of our industries have been left in a position where they can be entirely cannibalized by competition from across the border.

We also urge the Government to take this sectoral approach. Our Party believes that we cannot effectively protect Canadian jobs and industries by a headlong rush into an across-the-board free trade agreement with the United States that would not allow the sectors which presently have some protection to benefit from the sort of management arrangements that have characterized the Auto Pact which we commend to the Government's attention.

• (1710)

Miss Aideen Nicholson (Trinity): Mr. Speaker, the motion before us expresses care and concern for workers in the cedar shakes and shingles industry and goes on to recommend four specific ways in which the Government should take action. Of those four proposals, I want to address my remarks to the fourth which concerns itself with Canada's initiating action under the rules of GATT, the General Agreement of Tariffs and Trades. Since this particular issue concerning the cedar shakes and shingles industry, which is upon us now, grows out of the Government's attempts to bring a free trade agreement to Canada, I want to go back and look at that in a broader way.

Last fall the Government announced it was considering initiating discussions on free trade, later becoming freer trade, liberalized trade, and the language was changed in various ways; the Special Joint Committee of the Senate and the House of Commons on Canada's International Relations made a full examination of the issue at that time. I would like to quote from page 38 of the committee report as follows: