

Softwood Lumber Products Export Charge Act

Madam Speaker, that on May 8, 1986, in order to get the fast track agreement from the U.S. Senate, President Reagan wrote to Senator Packwood and told him he would press for an expedited resolution to what they called the softwood lumber problem "independent of the comprehensive negotiations". He concluded his letter by saying: "We fully realize that lumber and other pending trade irritants must be resolved before we submit to the Senate the results of the comprehensive negotiations". In other words, by the time they resolve all of the trade irritants, as they are viewed by the Americans, there will be no reason for the Americans to want to conclude a free trade agreement on any other issues with Canada.

I then turn to the Minister's own speech in the House last January 19. She made a number of statements which are at variance with the facts. I cannot be more specific and be parliamentary. However, for example, she said this agreement is supported by the union which represents the forestry workers. Last week I met with the paperworkers' union representing large numbers of forest workers who are cutting timber and producing lumber. They are opposed to this 15 per cent agreement. I met with the President of the CSN, the Quebec Union, and a number of those workers of the forest industry are opposed. I met with people from *l'Union des producteurs agricoles* in Quebec. They are very concerned about what is happening. At least three unions which represent substantial numbers of workers in the forest industry are opposed, and when the Minister of State for International Trade (Miss Carney) says otherwise it seems to me she is misleading the House. I would hope it is inadvertent—I cannot say it was advertent—but nevertheless the conclusion is obvious.

The next point the Minister made is that this is supported by the nine provinces which own the resource. Everyone agrees there is no forestry to speak of in Prince Edward Island, therefore, I presume the Minister for International Trade was maintaining that Ontario, among other provinces, supports this agreement with the United States. That is certainly not what I am hearing from Premier Peterson and from the Government of Ontario.

I would like to go back a year or two to my visits to Washington. From my contacts in Washington I heard very clearly, first, that our Embassy was not reporting the state of congressional opinion with respect to the lumber industry, and I accept there were problems there, and second, that the Progressive Conservative Government of Canada had not seized on the problem, but instead was steering towards what we now have, which I would say is disaster. It may have been possible to have found out more about what was on the minds of the Americans and possibly have found a way out of the impasse into which the Government had steered, had it seized on this problem seriously at the beginning of 1985. It did not do so. It is my information that by the beginning of 1986, although the situation was becoming more serious, the good friends of the Canadian Embassy and of the Government in the Reagan administration were saying that there was no need

to worry. Our officials, both in Washington and in Ottawa, were not keeping a weather eye out for what was happening in Congress. The result is what we now know, that is, a substantial opinion grew up in Congress and we did not head it off. It grew into a firestorm.

● (1210)

The Government has said that we had but two choices. There was either this deal or accept a countervail which could have been much greater than 15 per cent. In the Minister's speech on this matter she said there were three choices. First, she said that we could fight and risk losing the case. Second, she said that we could plead guilty and enter into a suspension agreement. She said the third option was to negotiate a settlement. What she did not say is that if we had done what the lumber industry wanted us to do, which was to continue the fight as it had been carried out successfully in 1983, then there was still the option of reaching some type of an agreement in the event that the case did prove to be unsuccessful.

In November the Minister said that she had concluded that something had to be done, that we had to reach some kind of deal. She said this despite the fact that on October 21 she told the House of Commons we would fight to reverse this verdict, that the U.S. ruling was deplorable, artificial and contrived, and that it would not stand up to extensive analysis. A week later she told the House that the decision was unacceptable. She said it was an unacceptable attempt to impose U.S. views on how other Governments should manage their natural resources. What was unacceptable on October 27 became so acceptable that on December 30 the Government agreed to exactly that.

The Minister also said on October 27 that the Government felt the preliminary ruling by the U.S. Commerce Department had no basis in U.S. law. But the Government would not fight it in the courts. She said that it was badly flawed. But the Government would not challenge it, it knuckled under. She said that it was inconsistent with the U.S. obligations under the GATT. So much for Tory backbone!

I wish to point out something else which I think will come back to haunt the Government. From reading the letter which was sent to the U.S. industry I know the Americans understand that the agreed replacement measures to the 15 per cent export tax will have the equivalent economic impact, on average, on each unit of export to the United States as the 15 per cent charge or that portion of it which is being replaced. I know, and I have told the House again and again, that this tax is 50 per cent higher on production in Quebec than it is in British Columbia. This is so because the f.o.b. price in Quebec is around \$230 per 1,000 board feet as compared to about \$150 or \$160 per 1,000 board feet in British Columbia. The tax is computed on the f.o.b. price.

In equity, it would seem to me that the replacement measures, if they are to be put in place, should bear more heavily in British Columbia than in Quebec. In other words, a replacement measure in British Columbia should be something