

Softwood Lumber Products

I am sure my hon. colleagues are aware of today's article in *The Globe and Mail* reporting on a study done by the International Woodworkers of America on the impact of this particular tax on the industry. That report's assessment is that the federal tax on softwood lumber will have little impact on Canada's lumber industry. The article quotes Mr. Douglas Smythe of the International Woodworkers of America as saying:

"We believe that because of the very high efficiency of Canadian sawmills, particularly in the British Columbia interior, the Canadian industry will remain cost competitive in the U.S. market in spite of the export tax."

There will be little slowdown in lumber activity. In fact, the IWA suggests that while there may be some loss of jobs—and we have all admitted that some jobs could be lost—its estimate is perhaps 1,000 jobs over a period of time, most where plant modernization has not taken place. Fortunately, in British Columbia, we have taken a leadership role and have modernized our plants to become efficient and competitive. Unfortunately, this has not been done in some other parts of the country. To be realistic, we must be competitive in this global world of ours. We cannot expect to sit back and continue on with our old ways. We must modernize and become efficient so that we can be competitive.

Obviously members of the Opposition are not in tune with what the forest workers themselves are saying. In fact, there is this really ridiculous anomaly of federal members of the New Democratic Party wailing about this export tax while their British Columbia counterparts, both in the NDP and the IWA, are saying that this agreement had to be entered into because it is the best deal we could have made. No one likes trade wars. We must do something about them because they serve no one any good in the long run. However, given the present political and legal situation, the negotiated deal was the best deal we could have made.

Perhaps my hon. colleagues are concerned about the forest companies. Perhaps members of the Liberal Party are concerned about the forest barons and perhaps members of the NDP are concerned about the terrible devastation this may have on their profits. Again, the facts speak for themselves.

Let us look at the impact this has had on the price of forestry stocks between December 29, the day before the deal was announced, and January 20. The increase in the prices of those stocks was as high as 21.6 per cent in a three-week period. The price of Canfor stock went up by 21.6 per cent and the price of MacMillan Bloedel stock went up by 17.6 per cent. Do Hon. Members think those companies are suffering? Do they think the public perception is that the investors in Canada will suffer? They will not suffer.

Obviously, opposition Members are not really concerned about the forest barons. Perhaps they are concerned about the business community. Let me quote from a letter from the Board of Trade of Vancouver to the Hon. Minister, received just a few days ago after the Board of Trade had assessed this issue:

• (1150)

Everyone accepts that having the \$600 million duty remain in Canada is obviously far better than having it go to the U.S. government. This money can now be used for much needed reforestation, silviculture and other public works projects that will enhance Canada's important forest industry.

It is my informed opinion that a duty of at least 15 per cent or probably more would have been the inevitable result of following the legal process to its ultimate conclusion. Even if we had won the legal case under those circumstances we would have been visited with even tougher legislation in Congress given the groundswell of protectionist sentiment in the U.S.

We know what the U.S. is facing on trade issues. We do not like it, but it is there. We cannot hide behind righteous indignation.

Obviously the Opposition was not concerned about the forest barons. I thought perhaps it was the provinces because I am sure opposition Members feel they must support provincial Governments. Yet we all know provincial Governments are the winners in this situation because that \$600 million will go to them. They will be able to enhance their activities in silviculture, as was pointed out by the Hon. Minister of State for Science and Technology (Mr. Oberle) yesterday, as well as do other creative things to help the forest industry.

Obviously it is not the provinces who are losing. Given that, I finally realized who opposition Members were trying to protect. Who is hurt by this tax? It is the U.S. consumer. So we have members of the Opposition standing up and fighting for the rights of the U.S. consumer because they will ultimately be hurt by the increase in the cost of lumber. I am surprised that U.S. consumers have not spoken out earlier. However, we are well aware that U.S. lobby groups are extremely strong and I do not think the U.S. consumer realizes the kind of trade war this results in. That is something we need to address.

Obviously I cannot cover all the issues involved in the few minutes I have left. However, the facts speak for themselves. This deal that the Canadian Government was able to negotiate under very difficult conditions enables us to keep the money in Canada. It is certainly the best and most courageous thing our Minister for International Trade (Miss Carney) was able to accomplish.

I am sure we will have other opportunities to debate this, but this situation points to the necessity for entering into new trade arrangements with the U.S. If anything underscores the importance of that fact, it is this situation. We must have new mechanisms to resolve trade disputes. The existing mechanisms are not satisfactory, whether it is in this field, in natural gas or anything else. We have to come to a new understanding of what fairness is about.

Over the Christmas holidays I had an opportunity to meet with some U.S. Congressmen. They talked very eloquently about wanting fair trade and fair access to markets. I asked them what they meant by "fair". Was it the same? Was that what they meant by "fair"? They could not really reply. That is the problem we have to start addressing. We cannot mean the same thing because we have different political and business