

Adjournment Debate

lumber exports and that it is causing injury to the American lumber export market in the United States.

My question was really twofold back in October. The first question was: Given that the government, albeit late and at the cost of thousands of jobs, was slow to respond in getting Canada out of the softwood lumber tariff, we have done that and we are now in a long process of hearing back from the Americans on just what their decision is going to be on this issue.

We already had one ruling in December that was against Canada. The second ruling which has been delayed now until February 25 will be important as well. This process will go on until May.

The first part of my question is related to assurances from this government that it will be aggressive in protecting Canada's sovereignty in our forests.

The second part of the question is related to legislation that was actually brought in by this government to implement this tariff. It was a question about the Softwood Lumber Products Act and what the intention of the government was on this legislation, if it was needed and if it was going to be continued. I think the point is that Canadians, particularly those who live in communities and work in the forest industry, need to see a definitive and aggressive response from this government to protect our interests and to ensure that the Americans do not walk all over us.

We do not want a situation again like the one that happened in 1986 when this government and its friends in British Columbia, the then Social Credit government, basically sold out our forests. I hope to hear from the government tonight that it will be aggressive in defending our forests and to have some indication from the government as to what it intends to do with the Softwood Lumber Products Act.

Mr. Lee Richardson (Parliamentary Secretary to Minister of Transport): Mr. Speaker, as my colleague the Parliamentary Secretary to the Minister for International Trade noted in the House on December 3, 1991, the government's priority has been and will continue to be to develop in close co-operation with the provinces and the industry the best possible defence against the U.S. subsidy allegations.

There is no subsidy for Canadian softwood lumber. A GATT panel has been established to confirm our view that stumpage does not constitute a countervailable subsidy to Canadian lumber producers. The panel has also been asked to confirm that the United States did not live up to its international obligations when it self-initiated the investigation and imposed a bonding requirement on Canadian lumber exports.

Finally, we have asked the panel to determine that log exports controls do not confer a countervailable benefit under international trade rules.

With respect to the repeal of the Softwood Lumber Products Export Charge Act, the government intends to repeal the legislation as soon as possible. All provinces are being zero-rated retroactively to October 4, 1991. We expect that the act will be repealed in its entirety within weeks.

With respect to questions posed by the United States, a number of questions were raised in the course of consultations which took place following our decision to terminate the softwood lumber memorandum of understanding. Much of the information contained in the response to those questions was provided by various provincial governments. We would have to seek the permission of those provinces to release this information.

I conclude by restating the government's commitment to fighting and winning this case and to reiterate our confidence that Canada-U.S. lumber trade will be put back on a normal basis. We will continue to work closely with the provinces, including the province of British Columbia, and the industry toward winning this case.

I would also remind the members of the House that the results of this action will be subject to binding binational panel review under the free trade agreement. This option was not available to Canada in the 1986 countervailing duty investigation before the free trade agreement.

CIGARETTES

Mr. Jim Karpoff (Surrey North): I wish to follow up on a question I asked at the end of November concerning the export of Canadian cigarettes and the smuggling back of those cigarettes into Canada.

The RCMP has estimated that it is now a \$500 million business. In the first nine months of last year the export of Canadian cigarettes has doubled. Most of these are being smuggled back into Canada, partially by organized crime.