

lumber industry in Canada to assure themselves that we are adhering to their interpretation—not the written word—of the agreement.

The actual wording of the memorandum makes it very clear that we have given the United States complete jurisdiction over the setting of guidelines and terms of reference for our trade in softwood lumber with the Americans. That is unacceptable for a Canadian industry.

This agreement has serious ramifications for our softwood lumber exports to other nations. It may seriously affect arguments we may make before GATT on other matters that will undoubtedly arise in very difficult trading problems with the United States. The United States has now set its sights on curtailing Canadian imports into the United States, certainly from the point of view of ensuring that trade with the United States is less favourable *vis-à-vis*, first, prior circumstances and, second, to give its own people more of an edge in the market-place. This is at a time when we are in negotiations on the whole question of free trade.

● (1200)

This is not the first instance of a setback in the intentions of the federal Government to secure free trade with the United States. This has happened right from the very beginning. In fact, it has happened since September of 1985 when the Prime Minister (Mr. Mulroney) made his speech in New York wherein he said that Canada is open for business. Indeed, it is not only open for business, but we are giving away a lot of free samples, and this is very unfortunate.

The trend has been consistently downward. We have gone from one thing to another. From the opening bell of the Government's intentions to negotiate a free trade agreement with the United States there has been a red flag raised to all lobbyists in the United States that somehow Canada was going to get a preferential deal and there was going to be a great give-away of opportunity to Canadians. That is certainly not the case and it was never the case.

However, these lobbyists then went to Washington buoyed by the comments from the industry to talk to the respective politicians. The politicians, of course, were very interested and concerned about their vested interest and immediately went into action. The curtains started to come down on Canadian commerce with the United States. This is very unfortunate because we have had a very proud tradition and a very good relationship in our trade with the United States. Now, of course, one thing just leads to another. There is a domino effect happening which could only mean a great deal of difficulty for Canadians.

We have seen this effect on the shakes and shingles industry, and there are so many other examples. We are now in the position of dealing with softwood lumber. There is a ripple effect from the actual Government and the immediate Government agencies to regulatory bodies in the United States. There is the case where the Federal Energy Regulatory

Softwood Lumber Products Export Charge Act

Commission has stated Canadian exporters of natural gas cannot pass along the pipeline charges to the buyers of this natural gas in the United States, even though the Canadian producers and American buyers have a signed agreement that this is going to take place, and even though the National Energy Board has approved this manner of doing business. This is just not some trivial inconvenience for Canadian exporters of natural gas. This will mean the loss of approximately \$450 million in sales of natural gas to the United States at a time when our energy sector is undergoing a very severe downturn.

What is being done? The Government did not really twig to this danger and did not respond to it because it does not want to alarm the United States or hurt its tender feelings. However, Canadians have tender feelings. Canadian businessmen and Canadian exporters have tender feelings; not only are their tender feelings not being eased any, they are being made worse because there is alarm in this country that the Government is not standing up to the rights of Canadians. The Government is not putting the interests of Canadians first. It is putting the interests of the Prime Minister of Canada and the President of the United States first.

What is the President of the United States doing? Instead of saying that the Memorandum of Understanding with respect to the softwood lumber industry is not fair, he is telling the producers of softwood lumber in the United States: "Do not worry. We are looking after you. Canadians are not going to have the rights they once had in trading with us. We are going to make sure they are hobbled and hobbled severely". This is not the action we expected from the First Summit in Quebec City between the Prime Minister of Canada and the President of the United States. It is not what we anticipated when we listened to the words of the Prime Minister, and it is not fair to Canadians.

Mr. Mike Cassidy (Ottawa Centre): I have a number of comments I would like to make about this Bill. I regret the Bill is not going straight to a vote according to the terms of the motion before us to call a question on second reading. I regret that because it was said on the weekend that there was one Minister who was happy with the Government's problems with the former Minister of State for Transport and with other Ministers. That Minister, of course, was the Minister for International Trade (Miss Carney). She was happy because the problems of the Conservative Party in Quebec and its problems with patronage deflected public attention from the fact that we had effectively two weeks of debate last week on the softwood lumber issue. The House agreed to have extended hours last week which meant that the debate which might have gathered more momentum across the country was compressed into one week. But that does not alter the fact that there are very serious questions the Government has not at all satisfactorily resolved. I want to speak to a few of them in the time available to me.

The first question quite simply is what does this say about the Government's free trade negotiations? You will recall,