



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Thursday, March 15, 2001**

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Thursday, March 15, 2001

The House met at 10 a.m.

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*Prayers*

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• (1005)

[*English*]

## BUSINESS OF THE HOUSE

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I believe you would find unanimous consent for the following motion that I intend to offer to the House and to have adopted. I move, seconded by the hon. member for Calgary Southwest:

That, when Orders of the Day are reached on Wednesday, March 21, 2001, the Leader of the Government in the House of Commons shall propose the following motion:

That a special committee of the House be appointed to consider and make recommendations on the modernization and improvement of the procedures of the House of Commons;

That the members of the committee shall be the Deputy Speaker and the House Leaders of each of the officially recognized parties, provided that substitutions may be made from time to time, if required, in the manner provided for in Standing Order 114(2);

That, notwithstanding any Standing Order, the Chair of the committee shall be the Deputy Speaker and the Vice-Chairs shall be Leader of the Government in the House of Commons and the House Leader of the Official Opposition;

That the committee shall have all of the powers granted to Standing Committees in Standing Order 108;

That the committee shall not adopt any report without the unanimous agreement of all the Members of the committee;

That the committee may recommend to the House texts of new or amended Standing Orders;

That the committee may make recommendations for changes to relevant statutes and, if it does so, such recommendations shall be deemed to have been made pursuant to an Order adopted pursuant to Standing Order 68(4);

That the committee shall present its final report no later than Friday, June 1, 2001.

That the motion shall be disposed of in the following manner:

(1) After a representative of each recognized party has spoken, no Member may speak for more than ten minutes, with a five minute period for questions and comments;

(2) No proceedings pursuant to Standing Order 38 shall be taken up and the House shall continue to sit after the ordinary time of daily adjournment to consider the motion, provided that, after 6.30 p.m., the Chair shall not receive any quorum calls, dilatory motions or requests for unanimous consent to propose any motion;

(3) No amendment to the motion shall be permitted;

(4) When no Member rises to speak, the motion shall be deemed to have been adopted and the House shall adjourn to the next sitting day; and

(5) That the debate on the motion shall be deemed to satisfy the requirements of Standing Order 51.

**The Speaker:** The House has heard the terms of the motion proposed by the government House leader. Does the hon. government House leader have unanimous consent of the House to propose the motion?

**Some hon. members:** Agreed.

**The Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

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## ROUTINE PROCEEDINGS

[*Translation*]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to four petitions.

\* \* \*

[*English*]

### CHARITIES REGISTRATION (SECURITY INFORMATION) ACT

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.)** moved for leave to introduce Bill C-16, an act respecting the

*Routine Proceedings*

registration of charities and security information and to amend the Income Tax Act.

(Motions deemed adopted, bill read the first time and printed)

\* \* \*

[Translation]

**BUDGET IMPLEMENTATION ACT, 1997 AND  
FINANCIAL ADMINISTRATION ACT**

**Hon. Elinor Caplan (for Minister of Finance)** moved for leave to introduce Bill C-17, an act to amend the Budget Implementation Act, 1997 and the Financial Administration Act.

(Motions deemed adopted, bill read the first time and printed)

\* \* \*

• (1010)

[English]

**FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT**

**Hon. Elinor Caplan (for the Minister of Finance)** moved for leave to introduce Bill C-18, an act to amend the Federal-Provincial Fiscal Arrangements Act.

(Motions deemed adopted, bill read the first time and printed)

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**CRIMINAL CODE**

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.)** moved for leave to introduce Bill C-300, an act to amend the Criminal Code (wearing of war decorations).

He said: Mr. Speaker, it is a great pleasure to present the bill. It has taken four years of development. The process was very lengthy because of the involvement of a great number of players at various levels, from the highest level to the community level, in composing, rectifying and making the necessary changes to the bill.

It is a bill insofar as intent is concerned is very similar to one that was presented earlier this week in the House. However the legislative legal clerks of the House of Commons have indicated that the bill I am presenting is far more comprehensive and all encompassing and has some very unique characteristics. Therefore I am presenting it today.

The purpose of this enactment is to allow relatives of deceased or incapacitated veterans to wear on Remembrance Day at a public function or ceremony commemorating veterans, or in a circumstance prescribed by cabinet, any order, decoration or medal listed in the Canadian orders, declaration and medals directive of October 25, 1990, that is awarded to such veterans for war services, without facing criminal sanctions.

(Motions deemed adopted, bill read the first time and printed)

**PETITIONS**

VIA RAIL

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.):** Mr. Speaker, once again I rise in the House of Commons, as I have many times in the past seven and a half years, to present a petition pertaining to the restoration of VIA service from Toronto through to Sudbury along the beautiful north shores of Lake Superior, through Thunder Bay, Kenora and Dryden, and on to Winnipeg on the CPR line. Those communities where the vast majority of people in northwestern Ontario live do not have railway passenger service.

Today I am presenting hundreds and hundreds of signatures from a variety of communities along the north shore of Lake Superior, as well as Thunder Bay. They are asking the Canadian government to work in a co-operative spirit with VIA and CPR to reintroduce passenger service along that line as quickly as possible.

EDUCATIONAL INSTITUTIONS

**Mr. Stan Dromisky (Thunder Bay—Atikokan, Lib.):** Mr. Speaker, my next petition pertains to the development of a free standing unique medical school in northwestern Ontario.

I have the signatures of petitioners from a multitude of communities in northwestern Ontario who are asking the Canadian government, through Health Canada, the Ministry of Indian Affairs and Northern Development and other ministries and agencies as parliament shall direct, to provide adequate funding and support to create a northern rural medical school in the centre of Canada.

• (1015)

CANADA POST

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, pursuant to Standing Order 36 I wish to present two petitions.

The first petition is on behalf of citizens in Sudbury, Val-Caron, Guelph and Kitchener. They call upon parliament to protect rural route mail couriers and allow them to have collective bargaining rights.

RIGHTS OF THE UNBORN

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, the second petition is on behalf of citizens of the town of Wallaceburg in the riding of Lambton—Kent—Middlesex. They call upon parliament to extend all protection to the unborn child by amending the criminal code to respect the sanctity of human life.

CANADA POST

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, pursuant to Standing Order 36 I have before me a petition put forward by petitioners from the Timmins area.

They allege that rural mail couriers often earn less than minimum wage and have working conditions reminiscent of another era. They also allege that our RRMCs have not been allowed to bargain collectively to improve their wages and working conditions like all other workers. They also allege that subsection 13(5) of the Canada Post Corporation Act prohibits RRMCs from having collective bargaining rights.

They are petitioning the Parliament of Canada to repeal subsection 13(5) of the Canada Post Corporation Act.

\* \* \*

### QUESTIONS ON THE ORDER PAPER

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Acting Speaker (Mr. Bélair):** Is that agreed?

**Some hon. members:** Agreed.

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### GOVERNMENT ORDERS

[Translation]

#### SUPPLY

ALLOTTED DAY—SOFTWOOD LUMBER

**Mr. Pierre Paquette (Joliette, BQ)** moved:

That this House support the government's will in its efforts to restore free trade agreement rules for lumber and inform the United States that it rejects any obstacle to that free trade process.

**Mr. Michel Guimond:** Mr. Speaker, I rise on a point of order. I wish to inform you that throughout the day Bloc Quebecois members will split their allotted time of 20 minutes into two 10 minute periods.

[English]

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, in connection with today's debate I think you would find consent for the following motion. I move:

That at the conclusion of the present debate on today's Opposition Motion, all questions necessary to dispose of this motion be deemed put, a recorded division deemed requested and deferred to the expiry of the time provided for Government Orders on Tuesday, March 20, 2001.

**The Acting Speaker (Mr. Bélair):** Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

(Motion agreed to)

### Supply

[Translation]

**Mr. Pierre Paquette:** Mr. Speaker, it is a great honour to move a motion in the House today calling on it to take a stand in the dispute over lumber between the industries in Canada and the United States.

The motion reads:

That this House support the government's will in its efforts to restore free trade agreement rules for lumber and inform the United States that it rejects any obstacle to that free trade process.

In bringing forward this motion through me, the Bloc Quebecois is once again acting as the defender of the rights of Quebec. However, in the case of lumber, and in this rare instance, it is clear that the interests of Quebec and of Canada converge, as we face our American partners.

On April 1, at the end of the current agreement, free trade in this sector must be reinstated. Part of the U.S. lumber industry must stop its harassment of the lumber industry in Quebec and Canada.

In Canada, some 130,000 jobs are linked to the lumber industry. In Quebec, the figure is over 30,000. Quebec is the second largest producer of lumber in Canada, with 25.5% of production.

• (1020)

Quebec produces approximately 7 billion board feet annually. The industry injects over \$4 billion a year into the Quebec economy.

The lumber industry is found in various regions of Quebec. Over 250 Quebec municipalities have sprung up around wood processing. In some of these municipalities, all of the jobs are related to this industry.

My colleagues will have an opportunity today to speak of this industry's importance to the development of jobs and the economy in their riding.

The U.S. market is a major outlet, as 51.4% of Quebec exports go to the United States, while 47.6% of U.S. products are exported to Canada.

The value of Quebec exports to the United States is about \$2 billion annually, while the total value of Canadian lumber exports to the United States is \$10 to \$11 billion annually.

This clearly illustrates how important this industry is and how important it is to revert to a normal free trade situation with the Americans, as provided for in the North American free trade agreement.

Members certainly know that the U.S. industry, or a part of the U.S. lumber industry, has long been complaining about competition from the Canadian industry. The dispute has been going on for almost 20 years. In fact, we have to go back to 1982 to see the first forms of harassment by the U.S. industry.

*Supply*

Every time complaints have been filed, Canadian and Quebec producers have been able to demonstrate that there were no subsidies in Canada and any of the Canadian provinces, and that their trade practices were fully in accordance with the agreements with our American neighbours and with multilateral agreements.

I am convinced that once again the Canadian industry will be able to demonstrate that it is not subsidized, that the logging price is established according to market rules and that there is dumping whatsoever. We should not delude ourselves. The 1996 Canada-U.S.A. softwood lumber agreement had no foundation as far as trade practices are concerned.

Quebec producers paid a countervailing duty of 6.51%, yet they were not subsidized. Quebec exporters who are not subsidized bore the cost of quotas, yet they should have been exempted. All in all, duties of more than 16% were unjustly collected.

I think we realize today that we would be better off appealing to various tribunals than making a deal that needlessly puts Canada and Quebec at a disadvantage, particularly since the World Trade Organization now has rules.

On September 11, for example, Canadian and Quebec lumber producers won another battle, when the World Trade Organization accepted Canada's request to create a select panel to examine the legality of the U.S. position on the countervailing duty issue.

In this House we all know that for the U.S. industry subsidies and the Canadian industry are not the problem. The problem is that the U.S. industry has not invested much to renew its technology and organizational practices, while the Canadian industry generally made major investments. This is the only reason the U.S. industry is less competitive than the Canadian industry.

The consensus in the Canadian industry is that we should simply return to free trade for lumber. The industry expects, and rightly so, that the Canadian government will support it in this regard. The Bloc Quebecois has tried repeatedly to ensure that the federal government is supporting this consensus.

I must say that at times we have felt the Minister for International Trade was being soft. On February 22, during the same question period, the minister spoke twice about a transition toward free trade. I remind the House that this was on February 22. To a question from the Canadian Alliance, the minister replied:

Now the matter is how we will live the transition toward free trade.

On the same day the minister answered the following to a question from the Bloc Quebecois:

—that we will have a smooth transition to free trade.

If there is talk of a transition, I think we can reasonably assume that there will be some transitional measures, something both our party and the industry oppose.

● (1025)

The following day, on February 23, the parliamentary secretary talked about returning to free trade in the long term. The Bloc Quebecois asked a question and this is what he said:

The long range goal of Canada is very clear in softwood lumber. It is to have free trade in softwood lumber with the United States.

When they start talking about transitional measures and about a long range goal, I think there is reason for concern about the firmness of the government's position on returning to pure and simple free trade in softwood lumber.

I believe that the statement made yesterday by the Prime Minister in response to a question from the Bloc Quebecois has clarified, definitively I hope, the position of the federal government:

[—]we have a free trade agreement and we want the Americans to comply with it as regards lumber.

I believe it is time now for all members of all parties in the House to speak out, not only in support of the position of the government, the Prime Minister and the industry, but also to let the Americans know that we will not allow ourselves to be intimidated by the harassment of one part of the lumber industry.

The necessity for MPs to speak out in this House is all the greater since the announcement a few days ago by U.S. Senators and members of the house of representatives of their support for the portion of their lumber industry that is continuing to harass the Canadian industry.

I am therefore calling upon all members of all parties to join forces with the industry by adopting the motion I am introducing this morning.

[English]

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance):** Mr. Speaker, I want to start off by saying that I agree 100% with what the member from the Bloc said, except, of course, in his references to Canada and Quebec. The last time I looked, Quebec was still part of Canada. We welcome it to stay, by the way.

The western producers, particularly in the provinces of B.C. and Alberta which is my domain, because of quota restrictions to small and medium sized mills, were able to cut far more than their quota would allow. The end result, because of the extra wood, was they had to basically sell at a bargain basement price to domestic users.

*Supply*

Could the member tell me what it was like in the province of Quebec with the domestic mills? Did they have a surplus of wood which they had to dump on their own domestic market, thus driving the price of lumber down? Was it the same situation there as it was out in B.C.?

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I thank the hon. member for his question and the support I sensed behind it.

I believe that the entire American industry is experiencing a depression in softwood lumber prices. One of the reasons for this is that since our access to the American market is limited, our domestic supply is too great, particularly since there has been a general increase in the North American production capacity.

It must be kept in mind that a lumber industry has developed in the southern United States as a replacement for the Canadian industry. In my opinion, a very important factor in the drop in lumber prices is the fact that there is a downturn in the United States, and there is a risk of its spreading to Canada.

It is therefore extremely important that the rules of free trade be restored effective April 1 to the softwood lumber industry, so that pricing will reflect market realities and not the ideas of certain American producers.

[*English*]

**Mr. Carmen Provenzano (Sault Ste. Marie, Lib.):** Mr. Speaker, my riding of Sault Ste. Marie is one riding which relies heavily on softwood lumber. It is partly a resources based economy. What I have to say applies to the other cities which comprise the region of northern Ontario.

Softwood lumber is very important to that region and, indeed, it is important to the country. I thank the member for his excellent representations and indicate that this motion is likely to have very strong support.

• (1030)

Why is softwood lumber so important? Why is this one of the most important trade issues that the country faces? I will tell the House why. Softwood lumber is Canada's largest industry. It is an important issue because one in sixteen Canadians work in the forest sector. It is important because 337 communities are more than 50% dependent on forestry for economic survival.

It is important because Canada has 20% of the world market and 34% of the United States market. Goods worth \$10.7 billion were exported to the United States market in 1999 alone.

[*Translation*]

**Mr. Pierre Paquette:** Mr. Speaker, I am pleased that the hon. member is supporting the motion. It is important that everything be extremely clear.

In terms of the commercial practices of Canada or one of the Canadian provinces, there is no reason for countervailing duties. That is why all members should be supportive of this industry, which is extremely important, like the hon. member said. We will have the opportunity to vote on this motion, and I encourage members of all parties to support it.

**Mr. Gérard Asselin (Charlevoix, BQ):** Mr. Speaker, I am pleased to take part in the debate on the motion by my hon. colleague. The Charlevoix riding depends largely on the development of the Charlevoix and north shore forests. In Quebec we have more than 30,000 workers in the forest industry.

The motion before us during this opposition day will no doubt get the unanimous support of the government and opposition parties. All regions of Canada, the ten provinces and two territories, have a forest industry producing lumber.

Our forest is a natural resource on which many workers depend for employment. In the past these workers were often referred to as lumberjacks and considered as second class workers. Today we have to make a special effort to recruit and train people to work in our forestry industry.

This motion and the amendment must receive the approval of the House of Commons in the vote to come because it is vital for our economy. We accepted the free trade agreement in Canada. This agreement has had advantages but also disadvantages.

The issue was on the agenda of a meeting between the Canadian Prime Minister and the U.S. president. They discussed free trade in softwood lumber. I hope that discussion was preparing the way for the summit of the Americas to be held in Quebec City, where free trade in softwood lumber, among other things, will be discussed thoroughly and extensively.

Why did they limit Canada's trade in softwood lumber on international markets by imposing quotas on Canadian and Quebec lumber producers? We have a high quality product, and we have the workers and resources necessary. The U.S. senate and even Americans in general were afraid that we might flood their market because Canadian softwood lumber is produced in larger volumes and at a better cost. That is when they introduced quotas. They said to Canada: "This is your yearly quota". I think it was in the 1996 agreement.

Strangely enough in the free trade agreement the United States accepted that Canada export as much electricity and agricultural

*Supply*

products as they wanted to meet their needs. However, if we consider another product traded under the free trade agreement, textile for example, we find that the FTA was not so good for us in Quebec, especially in Montreal. As we know, immediately after we opened up our market to textiles from other countries under FTA several productive textile firms in Montreal went belly up.

• (1035)

We could have done like the U.S. and say that we would allow imports to Quebec and Canada once we have taken stock of our needs.

Forest products like softwood lumber come from natural resources. Why are we penalizing the softwood lumber industry and not the mining companies, for instance, or those who produce iron on the north shore? It is because we know that there is a demand for the iron produced on the north shore, that the doors are already wide open and that we need this product.

Softwood lumber producers are overregulated and overlegislated. Even before they can access the international market lumber producers in Quebec and Canada have obligations to fulfil. They have to worry about the environment. Clear-cutting is no longer an option and forest workers have stopped harvesting without worrying about the impact of their operations.

Lumber producers must learn to share the resources. They must work in partnership with the people who live on the land they want to develop. They also have to work with native communities who have some land reserved to them. They have to take into account resort areas in some parts of the country and even protected areas in parks near rivers and lakes, as well as areas where the department of energy and resources has set quotas. They must live and work in partnership with the aboriginal communities and the people they share the land with.

Note that we no longer do clear cutting but rather a very selective type of logging in order to promote forest regeneration. Moreover, considering our climate and the rugged terrain in certain areas where it is not easy for the producer to harvest lumber using very specialised equipment, we must make sure this regeneration is possible. I will indicate in a moment about the cost of lumber on the international market.

Also often at its expense the logging industry must build access roads which are used as well by vacationers and others who use the land. Lumber producers must also meet environmental standards.

Today it is well known that lumber producers get their licences or logging quotas after a feasibility and yield study has been made. They must also determine how the lumber will be harvested and moved. Will noise or water pollution standards be met? Likewise studies will be made on the habitat of the moose, deer and other species living on the land. Their habitats are in these forests.

Lumber producers must also conform to the Canadian legislation regarding the quota system as well as to the provincial legislation. In Quebec, as in other provinces, there are quotas for exporting, harvesting and renewal. This causes certain problems.

However if we want the resource to be there for the next 50 or 100 years, we must make sure that it is harvested in a civilized manner and that it is allowed to grow back. With our climate on the north shore, a spruce tree planted in 2001 cannot be harvested in 2010 when it has reached a diameter of six inches. It will be another generation, maybe two, after us that will reap the benefits.

Account must also be taken of the cost to producers of transportation. The more we log, the more the forest recedes, and the further the lumber must be transported. In addition to the costs of transportation and logging, there are processing costs. Recently there has been a terrible increase in the price of diesel and gasoline, but truckers have not been compensated by the mills or the producers. These are often individual operators with a firm contract who have had to absorb the increase in gasoline and diesel prices.

• (1040)

There are also the roads, which often deteriorate during frosts and thaws and which have weight restrictions. At this time of the year the trucks are either half full or half empty, depending on whether one is an optimist or a pessimist.

Consideration must also be given to the costs of processing, investment, equipment and manpower training. Today logging requires more than a saw and an axe. It requires specialized equipment and very expensive tools. In my riding there are more than six sawmills.

It is sometimes difficult to see the forest for the trees. We are asking the Prime Minister, at the summit of the Americas, to allow Quebecers to have free trade and to maintain their position on the logging and processing of softwood lumber.

In closing I wish to move an amendment. I move:

That the motion be amended by adding after the word "process" the following:  
"for example the establishment of quotas or tariff barriers."

**The Acting Speaker (Mr. Bélair):** The amendment is in order.

[*English*]

**Mr. Preston Manning (Calgary Southwest, Canadian Alliance):** Mr. Speaker, I thank the members of the Bloc for their presentations and the motion this morning. I would make a comment and ask a question.

The official opposition members are free traders and agree that the government should make every effort to secure free trade in softwood lumber and resist the U.S. protectionist interests.

I point out that western Canadians have supported free trade since prior to confederation, but it was central Canada that

supported protectionism. It was only when Quebec business interests persuaded Mr. Mulroney to pursue the free trade agreement that we got the free trade with which the motion deals. I might say there was a strategic alliance between Quebecers and western Canadians to secure free trade which makes this motion work.

To win any trade dispute with the Americans, is it not true that Canadian producers need to hang together, that Canadian provinces need to hang together and that Canada needs to hang together? Does the member not believe that the bargaining power of a united Canada with the United States is greater than the bargaining power of a separate Quebec?

[*Translation*]

**Mr. Gérard Asselin:** Mr. Speaker, I am pleased to see that the Canadian Alliance will support the amendment and the motion to allow the free trade of a product such as lumber.

As long as Quebec remains part of the Canadian federation, as long as Quebecers continue to be dependent on the goods and services tax and on personal income taxes, we must work as one to let foreign countries know that Canadian products are good. These issues are not mutually exclusive.

• (1045)

If the past is any indication of what the future holds, then the Liberals missed their turn in various negotiation processes and I am not sure that they have adequately protected Quebec's interests.

If the hon. member for Joliette in his capacity as the Bloc Québécois critic on international issues is using this opposition day to propose a motion, it is because Quebecers are once again adversely affected by the free trade agreement that the federal government negotiated while allowing them to impose quotas on us.

Who is most affected? Quebec for one and Quebecers. Bloc Québécois members represent Quebecers and wish to take advantage of this opposition day and say "As long as we are in this situation, we will be asking the government and the Prime Minister to be our spokespersons at the Summit of the Americas".

We are also asking them to have the Minister of Foreign Affairs negotiate so that lumber is recognized in the free trade agreement and so that we are not adversely affected by quotas. However these two issues would not be mutually exclusive.

When Quebec becomes a sovereign country, it will be a partner under the free trade agreement and we will be negotiating for ourselves.

[*English*]

**Mr. Carmen Provenzano (Sault Ste. Marie, Lib.):** Mr. Speaker, the hon. member opposite mentioned that forests must be

### *Supply*

harvested in a civilized way. We would all agree with that comment. That is certainly the case in Canada.

Canada is a world leader in forestry management practices. It is not Canadian forestry management programs that confer any countervailing subsidies, and that needs to be understood clearly.

[*Translation*]

**Mr. Gérard Asselin:** Mr. Speaker, as I said earlier in my brief remarks, I would have had much more to say.

Softwood lumber is a chief resource of the north shore and the Charlevoix area, and many workers draw their income from it. The generations that preceded us also drew the bulk of their income from forestry.

If we are talking about civilized wood cutting today, it is because at one point in time logging companies were given access to the forest and allowed to do whatever they wanted with it. Today we are talking about selective cutting and the need to protect habitats and the environment, and there is a better framework for operations.

The hon. member certainly noticed, like me, that we have had uncontrolled forest harvesting because clear cutting was allowed. Today we have to bear the consequences of that.

[*English*]

**Mr. Pat O'Brien (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, this is the first opportunity I have had to congratulate you on your appointment to the chair, so congratulations to you.

I am very pleased to have the opportunity to address the House today on a matter of great importance to all Canadians. I say to all Canadians that the softwood lumber business is Canada's largest industry, as has been noted by one of my colleagues, and that it touches people in every province, including the province of Quebec.

One in sixteen Canadians work in the forest sector and hundreds of communities across Canada rely on forestry for their economic survival.

A healthy lumber industry is critical for Canada. To guarantee the health of our industry we need access to our largest market. The United States is by far our largest market. Canadian exports account for one-third of the U.S. softwood lumber market. That 33% share is the crux of the matter.

With the softwood lumber agreement due to expire on March 31, it is very important to shed some light on what is really behind the United States' position in this longstanding dispute.

Let us be very clear on this. The United States' position on softwood lumber is not based on any legitimate claim of unfair

*Supply*

practices by Canada. It is based on protectionism, pure and simple. That has always been the case and, unfortunately, it appears it may well continue to be the case.

• (1050)

For over a century, U.S. softwood lumber producers have been trying to restrict Canadian exports. For over a century, they have wanted protection from Canadian competition. For over a century, they have stopped at nothing to hold on to market share.

The first U.S. duties were applied to Canadian exports of softwood lumber way back in 1930. The duty was \$1 per thousand board feet and rose to \$4 by 1935 before we successfully negotiated it back down to \$1. Two years later, in 1937, lumber producers in Oregon and Washington petitioned the U.S. government for protection from unfair Canadian competition. At least that time they failed.

As time moved on and the number of Canadian imports into the United States increased, U.S. producers became increasingly agitated and sought protection. However, despite the fact that the U.S. lumberman's economic survival committee was able to prompt both congressional hearings and the formation of a White House task force on the issue, the U.S. trade commission chose not to impose any restrictions on Canadian lumber imports.

In the past 20 years the protectionist actions have continued and intensified. There have been three countervailing duty investigations in those 20 years and not once have the U.S. claims of subsidy been sustained.

We had a memorandum of understanding that allowed provinces to adjust their forestry practices. When these adjustments effectively eliminated the export charges it made no difference. Still, the subsidy claims persisted.

Now we are in the dying days of a softwood lumber agreement that was never intended to address the subsidy issue because clearly subsidies were never the issue. What the U.S. industry has always sought is to protect its market share. That is what this is all about.

It is true that Canada does well in this regard. We do well because we produce an excellent product at modern, efficient mills and follow practices that ensure sustainability. We do well because we deserve to do well, not because of unfair trade practices as the U.S. industry would have us believe.

In 1999 Canadian softwood lumber exports accounted for 33% of the U.S. market, an increase of 8% since 1990. The lion's share of our exports, some 47%, come from British Columbia. Twenty-one per cent come from Quebec, 9% from Ontario and 7% from Alberta. Those are the four provinces covered under the SLA.

In addition, the Atlantic provinces export softwood lumber to the United States, as does Manitoba, Saskatchewan and the territories.

This is a trade dispute that affects all Canada.

Today, with the market in a downturn, the United States is eyeing Canadian market share and does not like what it sees. It does not like the fact that so many consumers rely on Canadian softwood lumber. It does not like the fact that so many of our mills are efficient and modern compared with its mills. It certainly does not like the thought of how much more of the market we might get if we really had free trade.

The United States is clamouring once again for protection and threatening costly countervail duty and anti-dumping action against Canadian producers. However, rest assured, as the Minister for International Trade has stated repeatedly in and outside the House, the Canadian government will vigorously defend Canadian interests on behalf of all the provinces of Canada.

The temptation to restrict imports can be strong for those looking to protect a domestic industry that cannot always compete. However, in today's rules based trading system, that is no longer acceptable. Let us not forget that it is the United States that has led the charge away from protectionism and toward free trade.

The argument that open markets are in our greater economic interest and must be created and maintained is a sound argument. This is the driving principle behind the WTO and the NAFTA. This is the argument the United States is making again in favour of more market liberalization.

• (1055)

Let us not forget that it is not just Canadian producers who are looking for free trade in softwood lumber. American home builders and other consumers of softwood lumber are calling for an end to protectionism. They do not like the fact that they are being asked to unfairly subsidize U.S. companies with higher prices simply because those companies cannot or do not want to compete. That is unacceptable.

The United States is not self-sufficient in lumber. It needs our Canadian exports. Mr. Speaker, you know that very well with the riding you represent. Only the market should be allowed to determine how much Canadian softwood lumber enters the United States. The market should decide, not American congressmen or senators who are under political pressure. That is not the job of the coalition for fair lumber imports. It is not the job for Senators Trent Lott, Max Baucus or Olympia Snowe, and it is not the job of U.S. trade representative Zoellick.

We are committed to responding to protectionist threats from the United States and we will do so in consultation with the provinces, the industry and other stakeholders. Such consultation has already been very extensive by the minister and that will continue.

We have proposed that impartial envoys from Canada and the United States be appointed to explore the issue from all sides and to

consult with stakeholders and bring forward non-binding proposals for resolving this longstanding dispute. We must be creative and constructive if we are to achieve our goal of free trade in softwood lumber.

I am pleased to indicate my support for the motion and our firm intention to pursue Canada's goal of free trade in softwood lumber.

I will turn now to some allegations made recently by certain U.S. senators and address and elucidate those with a few facts that they do not seem to have at their disposal or which they choose to ignore.

On March 1, 2001, 51 U.S. senators alleged that Canadian lumber was subsidized and that its stumpage fees were less than the market value. The reality is that Canadian provinces do not subsidize the lumber industry. Timber pricing by provincial governments in Canada has been the subject of three U.S. countervailing duty investigations in the past 20 years and not once have these challenges been successful.

In a recent report from the U.S. congress it is stated that:

Evidence to demonstrate this possible disparity between U.S. and Canada stumpage fees, is widespread, but inconclusive.

That comes from a congressional research service report for congress, "Softwood Lumber Imports from Canada: History and Analysis of the Dispute", dated February 2, 2001.

The second allegation by senators was that Canadian lumber producers derive an unfair advantage from subsidized rail rates. This is rubbish. The United States department of commerce has been unable to sustain a subsidy finding on any government program. Canada's two national railways are privately owned and operated. There is absolutely no basis for this subsidy allegation.

The senators' third allegation stated that log export restraints by Canada are unfair. The United States was unable to sustain a subsidy with respect to log export restraints in the last countervailing duty investigation.

The U.S. has changed its law regarding the treatment of export restraints in any future investigation relative to CVD. Canada has challenged this provision of U.S. law in the WTO dispute settlement mechanism. It is worth noting that the United States also maintains restrictions on the export of logs.

• (1100)

The fourth allegation states that a flood of Canadian lumber is the cause of mill closures in the United States. Lumber imports from Canada are not the cause of any closures of lumber mills in the United States. Closures are currently occurring on both sides of the border.

It is a cyclical industry which is primarily driven by market demand. The latest available data from the United States forest service indicate that in recent years more than 50% of mill closures

### *Supply*

in the U.S. and Canada occurred in the province of B.C. alone. It is not a phenomenon that is unique to the United States as we all know.

Fortunately there are other U.S. voices involved in the debate and I would like to address them briefly. Senator Craig noted that there were other U.S. opinions to be heard. This point ought not to be forgotten in the debate over softwood lumber.

United States senators and representatives have recently introduced two resolutions before the house and the senate calling for a return to free trade. Representing the interests of U.S. lumber consumers, the resolutions underlined that the 1996 Canada-U.S. softwood lumber agreement had a negative impact on housing affordability and jobs south of the border and excluded many Americans from home ownership. It is not something any administration in the United States would be proud of.

The United States census bureau estimates that the fees on additional shipments are equivalent to more than \$1,000 U.S. for the lumber in an average new home. That is simply unacceptable.

I conclude my comments on these unfounded allegations of U.S. senators by stating that there is simply no basis in fact for them. They have never stood up to any objective analysis and they will not stand up to any future analysis.

The Minister for International Trade has repeatedly stated inside and outside the House that the government desires free trade in softwood lumber. It will vigorously defend the interests of the province of Quebec, the province of B.C. and of all other Canadian provinces. It will vigorously defend the interests of the whole country. The goal is clear: it is free trade in softwood lumber.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, according to U.S. Senator Max Baucus, one of the 51 senators and representatives who expressed support for part of the American industry, the best solution would be for Canada to levy a tax on its softwood lumber exports.

I would like to know what the parliamentary secretary thinks about this suggestion made by the U.S. senator.

[*English*]

**Mr. Pat O'Brien:** Mr. Speaker, I did not fully understand the question from the member.

[*Translation*]

*Supply*

**Mr. Pierre Paquette:** Mr. Speaker, as I was saying, this U.S. senator suggested that to resolve the softwood lumber dispute Canada should levy a tax on its softwood lumber exports. How does the parliamentary secretary react to such a suggestion?

[English]

**Mr. Pat O'Brien:** Mr. Speaker, I heard the member's question and appreciate his clarification. I think he was citing Senator Max Baucus.

Senator Baucus is only a free trader when it serves his interests and it does not serve his interest in softwood lumber. It cannot work that way. It is fine for him to propose that we agree on an export charge, or whatever, to limit exports of our lumber products to the United States. Does his government agree with that? Categorically no. That is not the goal whatsoever. We want the U.S. to live up to what it says it is and to what we signed on to: free trade.

**Mr. Brent St. Denis (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, I appreciate the Bloc's motion today and the comments of the Parliamentary Secretary to the Minister for International Trade.

I represent a northern Ontario riding as do you, Mr. Speaker, my colleague from Sault Ste. Marie and numerous other members from northern Ontario. When 99% of the production in softwood lumber is from northern Ontario, it is critical to our fellow northern Ontarians that this issue be resolved and that we have free trade in softwood lumber.

• (1105)

The government's efforts in this area are laudable. It is very important to remind the House and those who are listening that there are victims of the political posturing we are seeing in the U.S. They could be workers and companies in my riding, in your riding, Mr. Speaker, in the riding of the member from the Soo and elsewhere in northern Ontario. Victims whose livelihoods are at stake for no other reason but politics.

Communities, all too often single industry communities, depend upon the forestry sector. They turn the lights off sometimes when the political posturing in the U.S. requires that their industry or factory be closed down or work hours be reduced.

Would the parliamentary secretary comment on how his efforts and the efforts of his minister will help bring some certainty to the livelihoods of the small and big businesses and the workers that maintain our very important softwood lumber sector?

**Mr. Pat O'Brien:** Mr. Speaker, I thank my colleague for the question. Having served with him in the House for some years, I

well know what a vigorous defender he is of the interests of his constituents and of those in the Canadian lumber industry.

He is exactly correct when he says there is a lot at stake here. There is an unfairness in what is being proposed by U.S. senators to our own producers, to the jobs of those producers, to the companies and to their valid profits. I am very pleased that the parliamentary secretary raised the issue, but I repeat for the record that some U.S. senators and representatives have recently introduced two motions in the house and the senate calling for a return to free trade in softwood lumber in the United States..

Why did they do that? They cited the fact that U.S. jobs were being unfairly injured and that housing affordability in the United States was being affected. To put it bluntly, consumers are being ripped off in the United States to the tune of \$1,000 U.S., on average, for a home because the United States refuses to be what it says it is, free traders when it comes to softwood lumber.

**Mr. Preston Manning (Calgary Southwest, Canadian Alliance):** Mr. Speaker, I thank the parliamentary secretary for his presentation and congratulate him on his current appointment.

The minister asked rhetorically what was behind the U.S. position on softwood lumber. His answer was U.S. protectionism. We agree but we would add that Liberal and Conservative governments ought to understand the subject since they have practised protectionism for over 100 years.

I will ask the minister a cluster of questions around the same issue. What is behind the lack of vigour behind the government's efforts to fight U.S. protectionism? Is it that the government still has philosophical reservations about free trade? After all, the Liberals opposed free trade in 1988.

Why is the government so slow to use the dispute settling mechanisms in the free trade agreement? It always has to be pushed into using them. It never seems to charge in that direction.

Is the real reason behind the Liberal government's weakness in fighting U.S. protectionism that the government still wants to practise protectionism in certain other areas such as supply management and cultural industries?

In other words, is this not the real reason Liberal efforts to fight U.S. protectionism are so weak and inefficient? Is it because it wants to practise protectionism in some other areas and this weakens its fight against U.S. protectionism in this area?

**Mr. Pat O'Brien:** Mr. Speaker, I thank my hon. colleague for his questions and his kind remarks. Let me say it is very good to see him back in the House and looking so well.

Having said that, I have to disagree with him. I know he is a student of Canadian history, and so am I. Sir Wilfrid Laurier, the

first great French Canadian prime minister of the country, was a free trader. He was not always successful in convincing Canadians that it was the way to go. In fact, it cost him severely at the polls. A quick read of Canadian history tells us that Sir Wilfrid Laurier was the leader of the Liberal Party and the first French Canadian prime minister of Canada. He was an inveterate free trader. I say that just to help a bit with Canadian history in this regard.

• (1110)

I am not sure as to why the lack of vigour. I understand the member is on that side of the House and I am over here. As the hon. member knows, the government has made representations on the issue. The Prime Minister raised it personally with the new president of the United States, President Bush. The minister raised it personally with the U.S. trade representative Bob Zoellick. The representations on behalf of our softwood lumber industry by the government has been consistent. I think vigorous would be the right word to use.

The hon. member asked why we are slow to move into the dispute settlement on this issue. Let me clarify. As we all know the current agreement ends at the end of the month. At that point free trade takes over. Canada just says fine, that is great. Now that the current deal is over, if everybody lives up to what they say they are on both sides of the border, free trade becomes the norm. End of problem.

Hence my point that it is the United States and its senators in their protectionist mode who will take it to a different level. Our government need do nothing but live up to the free trade agreement that both countries signed. It is they who will cause the dispute. Unfortunately they have made it clear they have every intention of doing that.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, it is my pleasure to join in the debate today. I will be splitting my time with the member for Lethbridge.

The forestry industry is very important in Canada. Last year we exported about \$10 billion of lumber to the United States. It creates thousands of jobs. This makes it critically important that the government pursue the issue with vigour and that it push the Americans as hard as it can to ensure that we have a free trade deal.

Unfortunately, however, I agree with my colleague from Calgary Southwest, sometimes the government sends the completely wrong message when it comes to the issue of free trade. Canada does not always practise what it preaches. There are a number of sectors where we do not have free trade, precisely because the government has decided that it wants to protect certain industries for political reasons. That is regrettable, because in the end it undermines our case for free trade. Frankly it leaves Canada less well off.

### *Supply*

I make the argument that Canada needs to practise what it preaches. Before I do that, I should like to talk for a moment about why free trade in general is a good idea. Canada is an exporting nation. We rely on exports for much of our prosperity. About 43% of Canada's total prosperity comes from trade. This is critical to us and we have to continue to push for the idea of rules based trade.

I am saddened and it concerns me every time I see a country that says on the one hand that it is committed to free trade but on the other hand finds ways to circumvent it every time it perceives its interests being threatened. I think the Americans are guilty of that in this case.

As has been mentioned, there have been three previous investigations into the lumber issue. Canada has won each and every one of them. Yet the Americans insist on pushing it. Canada has not helped itself either. I argue that the government has not always done a very good job of pursuing our interests when it comes to free trade and the softwood lumber dispute.

I point to the remarks of the industry minister who said not very long ago that he thought some kind of quota system, some kind of mixture of the softwood lumber agreement and free trade, would be the final result of a negotiation after the current SLA comes up for renewal at the end of March. That is regrettable, because we also have the trade minister arguing that we should have free trade in lumber, which is certainly the position of the Canadian Alliance.

• (1115)

Meanwhile, we have the Prime Minister saying, I think it was just yesterday, that there should be linkages between lumber and other industries when it comes to free trade, which is contrary to the position the trade minister has taken. I happen to think that the Prime Minister might be a little more correct on this than the trade minister. Nevertheless, people are confused when the government is saying different things on this issue and it does not help our case at all.

How do we make the best possible case that we can to have free trade in the softwood lumber industry between Canada and the United States? First, we need to speak with one voice. I have just made the case that government is saying different things on this.

Second, sometimes we have to examine the words of the Americans themselves and throw them back at them. When President Bush was campaigning for the presidency and since he has become president he has said at various times that free trade was a priority for him. Later in April, President Bush and other leaders from the Americas will be in Quebec City at the summit of the Americas.

One item on the agenda will be a free trade agreement of the Americas. President Bush has made it very clear that he wants to

*Supply*

pursue free trade in the Americas, and I think Canada does as well. Trade is good for Canada. There is a powerful case to be made for free trade.

I do not think President Bush will have the credibility that he would like to have if on the one hand he is pushing for a free trade agreement of the Americas and on the other hand he is not standing up to his own senators who are pushing for a continuation of the softwood lumber agreement. In other words, they are pushing for more barriers to trade, and that is completely inconsistent with what President Bush has stated.

Not very long ago I was in Washington and had a chance to sit down with Vice-President Cheney. Vice-President Cheney made it very clear that he believed in free trade when it came to energy. President Bush has spoken of the North American energy policy. Free trade would be great, and we agree. We think that is a great idea.

Why would people in the energy industry go to great expense to build extra generating capacity to send energy to the United States, knowing that the Americans could at any point put in place barriers and tariffs the moment their own industries were being threatened because Canadian producers are so efficient?

The Americans have to ask themselves why they would have any credibility at all on pushing a free trade agreement of the Americas or a North American energy grid when they are being protectionist on softwood lumber. They simply will not have credibility and our own people will not invest billions of dollars in extra generating capacity when they know there is a possibility that these barriers could be thrown up.

Canada has to do a much better job of selling the benefits of free trade in the United States. My colleague from across the way just pointed out that the coalition for affordable housing in the United States has made the case that the current softwood lumber deal actually adds about \$1,000 U.S. to the price of every home in the United States.

That is an important fact that Canada really needs to push. I do not think we have done a very good job of promoting in the United States the fact that the softwood lumber agreement is actually an extra tax on consumers in the United States.

President Bush on one hand is pushing his \$1.6 trillion tax cut, a fine idea for the United States. We should have tax relief in Canada as well. On the other hand the U.S. is effectively raising taxes through the softwood lumber agreement, \$1,000 U.S. on every new home, because of that agreement. We need to forcefully make that case to the American public.

My friend has also pointed out that there have been a couple of resolutions passed in the U.S. congress calling on congress and the senate to repeal the softwood deal because of its impact on homes. We should remind senators and congressmen that not everybody feels the same.

• (1120)

We met with Senator Craig from Idaho, the chair of the forestry subcommittee in the U.S. senate. He comes from a state where they produce softwood lumber. He made the point that there were other voices speaking on the issue and that not everyone agreed with the softwood lumber agreement.

We need to make the case that U.S. Senator Craig is making, that congressmen are making and that home builders in the U.S. are making, that this is a cost to American consumers. It actually costs jobs as well for people engaged in the home building industry in the United States.

We have not done a good job of that. We need to do a far better job of making the case so that the public starts to put pressure on the senators to urge them to back away from another softwood lumber agreement and instead embrace the idea of free trade in the lumber industry.

We need to make the case to the public in the United States, I have touched on this already, that the U.S. government's protectionism on the issue will ultimately hurt jobs there because it undermines its credibility when it pursues other free trade agreements which ultimately lead to prosperity. We urge the government to do a better job of making that case.

I will simply conclude by saying that Canada has to do a better job of vigorously attacking positions which oppose free trade. We put tremendous effort into all kinds of other things when it comes to our foreign affairs policy. The previous foreign affairs minister spent a lot of time globe trotting, pursuing noble sounding causes, but he simply did not get down to business.

We have a new foreign affairs minister now. We urge him to put extra effort into reinvigorating our relationship with the United States and reinvigorating the case for free trade, something that has not happened at this point. Because of that it is costing Canadians jobs and prosperity. We simply urge members across the way to put their resources and their time into reinvigorating the whole discussion over free trade that will ultimately benefit Canada.

**Mr. Carmen Provenzano (Sault Ste. Marie, Lib.):** Mr. Speaker, I thank members opposite for their comments on the issue, in particular the comments made by the Parliamentary Secretary to the Minister for International Trade.

These comments drive home clearly that the softwood lumber problem is not a problem between east and west and the provinces of Canada. This is plain and simple a north-south problem involving the United States and \$10 billion of annual trade in that

commodity. I thank the parliamentary secretary because it is important to our area that the stated goal is free trade in this commodity.

**Mr. Monte Solberg:** Mr. Speaker, I think the member is right that this is a dispute between north and south and not east and west, but it continues to raise questions. My friend really did not address this point, but it continues to raise the question of why Canada is not more aggressive in practising what it preaches.

My friend is on the government side, but he knows very well that there are still all kinds of restrictions in place in Canada on imports of textiles, for instance. It is hard to make the case that we should be asking other countries to engage in free trade when we have protectionist measures in place.

On the issue of restrictions on textiles, for instance, it is something that hurts third world countries. It is odd that Canada sends aid to third world countries to help them out, to give them a helping hand, but maintains restrictions on textiles which makes it impossible for them to ever develop an economy. It is when we are involved in that kind of double dealing that we undermine our own ability to make the case for free trade.

**Mr. Mac Harb (Ottawa Centre, Lib.):** Mr. Speaker, I am sure my colleague would agree that when we look at overall trade between Canada and the U.S. this issue or this irritant constitutes less than 3% of all trade between Canada and the United States. Some 97% of all trade between the two countries is going well, but we will continue to see those irritants from time to time. It is imperative for us to use the existing mechanism to resolve those issues.

• (1125)

Would my colleague agree that the course undertaken by the minister of going to an alternative dispute settlement mechanism, as well as venues such as the World Trade Organization dispute mechanism and the NAFTA dispute resolution mechanism, is proper?

Also he might want to comment on whether or not the whole issue deals with efficiencies. The lumber industry is a cyclical industry. When the market is not there for lumber, producers on both sides of the equation raise concerns.

We are seeing closures on both sides of the border between Canada and the United States. In Canada over 50% of our mills have closed as a result of the market. I wanted to hear from my colleague, because he is probably quite aware given his area, whether or not those comments constitute the facts.

**Mr. Monte Solberg:** Mr. Speaker, I appreciate my friend's comments, but in Medicine Hat we do not have a tremendous amount of lumber. In fact it is hard to find a tree.

### *Supply*

My first point is while we understand the need for rules based trade and the need for dispute settlement mechanisms, the best solution is not to get to that point in the first place.

We have had five years since the SLA was put in place. It became obvious fairly early on that it was not working in the interests of Canadian producers. Over the last five years we should have arrived at the point with the Americans where we could have gone into the end of this agreement with an agreement that we would pursue free trade.

Ultimately we will go into it now and probably get a ruling in our favour, but it will cost the industry billions and billions of dollars. That is regrettable. We are at that point now. Yes, we have to use the mechanisms that are there. Rules based trade is the key.

My friend's point about the economy turning down or the lumber industry being a cyclical industry is correct. If we are heading for a recession it will raise tensions on both sides and make the situation more difficult down the road. That makes my point that we should have had an agreement earlier than today.

**Mr. Rick Casson (Lethbridge, Canadian Alliance):** Mr. Speaker, it is a pleasure to speak to the motion brought forward by our Bloc colleagues. The Canadian Alliance certainly supports the motion as it supports free trade.

What is wrong with what is happening is that the agreement expires at the end of the month. We have no clear indication from the government of what angle it will take. We have conflicting reports from the Prime Minister. He thinks we should have it all linked together with other issues. The trade minister says that it will be negotiated on its own. We have to speed up the government or get it interested in the issue to have some resolution of it.

Previous to the softwood lumber agreement there were challenges against our trade with the U.S. in softwood lumber. Every time a challenge has been brought forward we have won. It has been proven that there is no subsidy issue which would allow the Americans a countervail tariff against our industry.

I know very well how hurtful a countervail tariff can be. It happened in my area of the country last year, when a challenge was brought by R-CALF in the United States against our cattle industry. Canadian producers had to post bonds at the border while this challenge was ongoing. Money was taken off all cattle that went across the line; a proportion of the amount was taken away.

In the end after months of investigation they actually came into the offices of feeders and went through their books. It was an horrendous process. It cost not only the amount of money that was taken in tariff, but millions of dollars to fight the issue that could

*Supply*

have been better used. We won in the end. The tariff money that was taken was given back.

What is wrong is that the U.S. passed a law last year to say that if there were a challenge, a countervail put against our lumber, it gets to keep any money taken, even if Canada wins in the end. It could cost our industry billions of dollars, and that is totally unfair. That is an unjust law and the trade minister should have straightened it out by now. If we are talking about free trade with the United States, let us talk about free trade. Let us make it free, fair and rules based trade that we can all live by.

• (1130)

Here we are a few weeks away from the expiration of this agreement and we do not have the rules in place to move on.

One thing on which we have to be absolutely certain is that we do not do this alone. If only four or five provinces sign on to the deal then we are lost. We cannot be separated on this. We must hang in together. If the trade minister can keep us together as a country, then I am sure his leverage and power would create a fair package for our softwood lumber industry.

The softwood lumber industry is huge and, as has been pointed out by members opposite, it is important to Canada. It needs to have the government's full focus.

I feel that in many ways we have let down certain sectors of our country. Certainly one that I want to bring into the debate is our grain and oilseed sector. Because of some of the agreements the government has made with reducing tariffs and support to our producers, they have been put in a hole that I cannot figure out how they will get out of unless we support them ourselves.

We need to be more aggressive when we fight the Americans and the European Union on subsidies. We need to beat down the unfair subsidies that distort markets and production. We need to use more force. We do not think enough effort has been put forward by Canada.

We trade a lot of goods and we are a good trading partner. Trading partners can count on us to have good quality products that will be delivered on time and at a fair price. When we have those kinds of deals and that kind of reputation, why are we not using that as a bigger hammer when we go into these negotiations with the European Union and the United States?

The other challenges that have been brought forward in the past against the softwood lumber industry have crashed. The United States has done everything it can to try to point out that our industry is being unfairly subsidized, and it is not. If it does go to a challenge, let us use the present systems of WTO and NAFTA to deal with that. I am sure we would be successful.

However the thing that is really scaring the industry is the law that the United States has passed that says that any tariff collected

would be kept. I cannot understand how on earth that would work but that is what it has done.

I had the opportunity in the last parliament to meet with some U.S. senators in Montana: Senator Craig, Senator Thomas and Senator Burns from Wyoming, Idaho and Montana. We were only able to meet for a morning but it was good to be able to do that. I think five or six of my colleagues attended the meeting in Great Falls. My realization from that meeting was that we need to have more open discussion.

There were many issues at that time but the one that was important to me concerned cattle. A lot of the stories on both sides of the border were not true, were mistruths or were misunderstandings. Even for the couple of hours that we sat down and went over a few issues we were dumbfounded on both sides by the number of things being said that were just absolutely untrue. Opening a line of communication and debate is very important. Just a few hours spent on one morning was very helpful on a lot of issues.

A coalition of senators has come together to lobby the United States government to protect its softwood lumber industry. It is a big and an important issue to them and we have to be aware that there is very strong lobby in the United States to protect its industry, unfairly we think. Getting back to open, free and rules based trade is absolutely essential, not only in this area but in others.

We have seen it in other sectors of our society where some of these agreements have really hurt certain parts of Canada's industry and we cannot be doing that.

• (1135)

The other issue is that of messaging to the people of the United States that these tariffs are increasing the cost of a home in the United States by \$1,000 U.S. We have to make sure that we have coalitions built with people there that the message gets out that their own people are being hurt by these countervailing duties.

The importance of one stance from coast to coast to coast in this country on this issue cannot be overemphasized. I believe we have to appear united on it because in the end it will be far better for all if we can do that than to have off separate provinces and separate parts of the industry to different programs.

It makes me a little nervous that the trade minister and the Prime Minister are not on the same page as of yesterday. We need to be absolutely certain that this will become a bigger priority at the cabinet table and that we do take a united position on this. If the Prime Minister is talking to the vice-president of the United States saying one thing and our international trade minister is at negotiations saying another thing, then the Americans know we are not being cohesive and they can split us apart and make a better deal for themselves.

*Supply*

My colleague, the member for Vancouver Island North, could not be here today to speak to this but he has let me know about all the work that he has done on this file. He is getting together with a bunch of folks on the west coast to talk about west coast issues, and I am sure this will be at the top of the list on their agenda. He has done a tremendous amount of work on this deserves some credit as far as keeping his colleagues on this side of the House informed of what is going on.

I will finish by saying that we need to have this free trade in softwood lumber and it has to be coast to coast. It also has to be pushed with the emphasis that it deserves because of the importance it has to Canada.

**Mr. Carmen Provenzano (Parliamentary Secretary to Minister of Veterans Affairs, Lib.):** Mr. Speaker, there is an expression “Don’t look back unless you want to go there”. I think that certainly applies to this situation.

The people of northern Ontario, and indeed those involved in the softwood industry across this country, do not want to look back on that softwood lumber agreement because they do not want to go there.

I thank the Parliamentary Secretary for the Minister for International Trade who made it very clear that the objective of the government is to work toward free trade in softwood lumber. We are seeking solutions to this trade dispute. We will vigorously enforce our rights under international trade agreements at the same time. That should be clear to all of the members of the House.

**Mr. Rick Casson:** Mr. Speaker, I am not sure that is clear to all members of the House. I want to bring in one aspect that I was not able to bring in in my previous remarks. A couple of weeks ago we had the pleasure of hosting the British prime minister, Tony Blair, who gave what I felt was a very good presentation. I will quote Mr. Blair who is the leader of the British labour socialist party. He said:

Finally on trade— It is time I think that we started to argue vigorously and clearly as to why free trade is right. It is the key to jobs for our people, to prosperity and actually to development in the poorest parts of the world. The case against it is misguided and, worse, unfair. However sincere the protests, they cannot be allowed to stand in the way of rational argument. We should start to make this case with force and determination.

On the day Mr. Blair was here, I had the opportunity to sit in the front row with the hope of talking to him before he left, and I did. I was able to shake his hand and thank him for his comments, but I was also, in the few moments I had, able to remind him that the subsidies the European Union was giving its agricultural producers were really causing a lot of pain in our country. I asked him if it would be possible to reduce those subsidies to take some of the pain away from our people.

I want to get back to the issue of being more forceful at the negotiating table. I know there have been reports lately, and I am slipping back to agriculture, that the agriculture minister was in

Europe. He suggested to the Europeans that their subsidies were hurting our producers. They told him that he could go to the hell because that was the way it was and will continue to be.

• (1140)

Over a billion dollars worth of business goes back and forth across our borders with the U.S. That has to be worth some kind of lever when we sit down and start negotiating an important agreement like the softwood lumber agreement.

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, the forest industry is very important in my riding of Dewdney—Alouette. We have many mills there. The shingle industry is very important. It provides a lot of jobs in the community for many people.

I want to pursue the notion of the quota aspect of the agreement. It really limits individuals from being able to maximize the potential of the industry. It excludes others from becoming involved in the industry. It has, in many ways, hurt a lot of different individuals and has had ripple effects throughout the community within my riding.

What does my colleague think is the problem with the government’s response to vigorously pursuing the notion of free trade, particularly in the area of softwood lumber?

**Mr. Rick Casson:** Mr. Speaker, the whole quota system gave an advantage to some and not to others. It was not right. I even became aware of it in my riding in southern Alberta. We do not have a lot of forest, but there was a gentleman with a small mill who was shipping lumber across the border. One day he took a load across and was told that he did not have a quota. Probably not being in the mainstream of business but trying to make a few bucks shipping logs across the border, he came to me, which was when I really became aware of what was happening.

The whole issue has to be dealt with openly and has to be rules based fair trade.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, it is a pleasure to rise in debate on this very important motion.

[Translation]

First, I congratulate the member for Joliette for having brought forward this motion on behalf of his party. This is a very important issue and I wonder why we have waited until today, 15 or 16 days before the expiration of the softwood lumber agreement, to finally hold a debate on this issue, which is so important for Quebec and Canada.

[English]

I find it extraordinary and unacceptable that it is literally on the eve of the expiry of the softwood agreement that we are now

*Supply*

having a serious debate in the House. As I said, I congratulate the hon. member for Joliette for having tabled this very important motion.

I need to ask the representatives of the government why it is only now, and it is coming from an opposition member, that there is this kind of opportunity for debate. Why did the government not bring this forward for debate much earlier in the process, well before the date of expiry?

We all knew that this five year agreement was coming up for renewal when it expired at the end of this month. Why did the government not take the initiative to invite all Canadians affected by this agreement, such as the unions, the workers, the environmentalists and others, to make representations and to make their views known about the impact of the softwood lumber agreement? Why did it not to find out their proposals for what should take place when it expires on March 31?

The government has completely failed to show any leadership whatsoever on this very important question.

Others have already pointed out the importance of this industry. I do not have to repeat that. I am a British Columbia member of parliament and the forestry industry is absolutely critical for the people and the communities of British Columbia. We want to do whatever we can to strengthen and support that industry and to ensure that there is even more value added from the products that are produced from that industry. We have to take a look at exactly what is happening in this industry.

• (1145)

The fact of the matter is we were sold a bill of goods when the Canada-U.S. free trade agreement was brought in in 1988 and replaced in 1994 by NAFTA. What we were told at the time this came in, and I remember because I was in the House, was that the free trade agreement would get rid of the barriers that existed with Canadian products entering the U.S. market. This did not happen.

We know very well that when it comes to lumber the United States has always been the bully. It does not accept free trade at all. It is an illusion. Time and again when the U.S. has challenged Canadian practices, it has been told to forget it. Whether it was on countervail, or dumping or other provisions, it lost.

The United States is not at all serious when it talks about free trade and in its approach to free trade. It wants to prevent any meaningful access by Canada to that market. We all know that is what led to the Canada-U.S. softwood lumber agreement which affects the four key provinces of British Columbia, Quebec, Alberta and Ontario as producers.

Sometimes we overlook the fact that it does not affect the Atlantic provinces, which have done very well over the course of

the past few years in the absence of any restrictions whatsoever. We are going to want to hear from Atlantic representatives. My colleagues from the Atlantic are concerned that in any new regime the significant benefits that have accrued to the Atlantic provinces not be lost.

The options we face on the eve of the expiry of the softwood lumber agreement are basically threefold.

The first option is to renew the agreement. We could agree once again with the United States to accept a ceiling, whether it is \$14.7 billion square feet of lumber a year beyond which quotas are applied, or some other form of ceiling. Basically we could renew the agreement. On behalf of the New Democratic Party, I want to be very clear that is not an option for us. The current agreement must be allowed to expire. I think there is unanimity in the House on that point.

The second option, which is the proposal of the Bloc Quebecois, is to throw softwood lumber wide open to free trade without any kind of restriction whatsoever. This would come under the WTO, NAFTA and ultimately under the FTAA, if the FTAA is negotiated in 2003 or 2005.

That is the position the Bloc is putting before us today. It wants to scrap the current SLA and not renew it. We agree with it on that. However, the Bloc motion goes on to say clearly, unequivocally and categorically to throw it open to free trade with no restrictions whatsoever.

I want to suggest that there is another option and a very important alternative that we as New Democrats want the government to look at.

The government has to recognize that the current agreement must not be renewed. It must be scraped. It clearly has not worked in the best interests of Canadians, particularly those in British Columbia and the provinces that are affected by the agreement. The market is not gone. The other alternative is to replace the softwood lumber agreement with a fair trade agreement that gives Canadians some ability to ensure that some very important factors are taken into consideration in the area of forestry policy. Any trade agreement on softwood lumber should allow the Canadian government, as well as the British Columbia government and le gouvernement du Quebec, to do a number of things.

First, it should maintain employment and community stability, set strong environment protection regulations and develop policies to promote value added production in the forestry industry. Those are the kind of objectives that surely we do not want to give up as Canadians, as the people who own this precious and magnificent resource. That is precisely what the Bloc would do.

*Supply*

• (1150)

[*Translation*]

I am surprised to hear the member for Joliette, for whom I have a lot of respect, suggest that we are losing our sovereignty, the sovereignty of Quebec and of Canada, by adopting, for example, environmental regulations on the right of the province of Quebec, of my province, British Columbia, and of Atlantic provinces to set environmental standards.

This is precisely what the member for the Bloc is proposing. For this reason, NDP members will vote against this motion.

[*English*]

I find it extraordinary that a party that has spoken out, and I respect the position it has taken, strongly about the right of the people of Quebec to determine their own future should be prepared to throw away that right to make decisions on something as absolutely fundamental as forestry policy, particularly environmental regulation. However that is what it is doing. I am going to show in a couple of minutes exactly why that has happened.

Yes, we say that the current agreement must be allowed to expire. We recognize that there have been many problems with that agreement. The fact is that the quotas were originally set was according to 1994-95 exports to the U.S., so-called experience ratings. What that meant was that some companies in some regions were penalized because, quite frankly, they were not concentrating on the U.S. market at that time. Yet they were locked in to those provisions.

Coastal British Columbia, for example, was particularly focusing on selling products to Japan. Because of the quota system there was no flexibility to shift into the United States market. This was simply because they did not have any quota. It was not because they were not competitive or efficient enough to penetrate that market. The current agreement clearly is unfair in that respect.

There is another very serious concern with respect to the issue of raw log exports. This has been a profound concern in the province of British Columbia where we have seen a huge increase in the last couple of years in the export of raw logs. Most of those logs were harvested on private lands on Vancouver Island. The companies that do that are constantly lobbying the federal government to reduce even the weak current restrictions on log exports so they might export even more raw logs.

In 1997 a little over 100,000 cubic metres of raw logs were exported from British Columbia. The average between 1992 and 1998 was around 300,000. Last year the estimates were somewhere between 1.8 million and 2.4 million cubic metres. That is totally unacceptable.

Under the existing provisions of the SLA, the softwood lumber agreement, we know that the restrictions or the ban on raw log

exports in some cases is considered a subsidy. Clearly that as well is quite unacceptable. Ironically lumber exports from third countries outside Canada and the United States enter the U.S. duty free.

We do not dispute the position taken by the Bloc or other parties in the House that the current agreement has not worked for Canadians and that it must be allowed to lapse when it expires at the end of this month. We want fair and open access to the U.S. market. We want a level playing field for all Canadian lumber producers.

The question is how do we achieve that. Why not just move to free trade without any restrictions whatsoever, as the Bloc has suggested? This does not particularly surprise me.

[*Translation*]

I remember quite well that in 1988-89 and the following years, Bloc Quebecois members supported NAFTA. They supported NAFTA, saying that it was good for Quebec and for Canada. Now, after seven years with NAFTA, can we really say that it was in the best interests of the people of Quebec and Canada? I do not believe that.

• (1155)

[*English*]

What the Bloc is suggesting with this motion is that we should effectively throw ourselves on the mercy of the great free market under NAFTA. Under NAFTA there is no free market. The reality is that under NAFTA more and more power is being taken away from governments. Power is being taken away from the governments of Canada, British Columbia and Quebec to make decisions, as democratically elected representatives, about our future.

Look at some of the cases that have been brought under chapter 11 of NAFTA, such as the investor state provision. We know Mexico, for example, has recently been told by a secret tribunal that it has no power to ensure that a toxic waste dump is not put into a small community of Guadalupe in Mexico. It said it did not want it.

If we were to accept the Bloc motion, we would be effectively surrendering our sovereign right as Canadians, as Quebecers, as British Columbians and as Atlantic Canadians to say that we want to ensure that we have the opportunity to enforce tough environmental standards. We want to ensure more value added in our forests. We want to ensure that communities and workers are respected in the decisions that are made about the forest industry. Under this proposal that would not be possible, so we say no to that proposal.

Look at the Pope & Talbot challenge. This is an American company that is challenging the current provisions of the softwood lumber agreement. It is the ultimate in irony. It is saying that, due to the regional disparities which exist, it is somehow being treated

*Supply*

unfairly. An American company is challenging the softwood lumber agreement, which was pushed by the United States, because it cannot make enough money out of it.

That is the regime that the Bloc wants to take us into. We as New Democrats say no. That is clearly not acceptable to us.

We have to do far more in terms of value added. We also have to recognize that there are some serious changes that have to be made in the way we conduct forestry. We do not want to have our hands tied as we attempt to make those changes.

Recently in British Columbia, we learned that some of the biggest multinational forest companies have been using what is called grade setting, which is a practice of harvesting only low grade timber to set the grade for huge cut blocks. That means their appraisal is very low for their stumpage payments. Then they switch to harvesting high grade timber but pay the low grade stumpage rates. That kind of abuse of B.C. forests has to stop.

We have to look very seriously at alternatives. Many of us, certainly my colleagues in the New Democratic Party, and many environmentalists are concerned about a number of the current practices that are the norm in too many parts of British Columbia and elsewhere in Canada.

Instead of this kind of race to the bottom approach that the Bloc is supporting, and apparently other parties in the House are supporting, maybe it is time we looked at tough effective environmental standards that would affect all of the countries that are producing. This includes the United States, Canada and other competitors.

We should be looking at protection for endangered species habitat, biological diversity, fish habitat, water quality and sustainable logging practices. Why not call for a global approach to sustainable forestry that would involve input from communities, workers, aboriginal groups and others? Why not do far more to promote value added and to push for bans on raw log exports which are a direct export of jobs from British Columbia?

I mentioned concerns about clear cut logging. I am pleased to note that more companies are moving away from that. We have to look at other reforms as well, which may very well be deemed to be trade barriers. Under the terms the Bloc is suggesting we would not be able to undertake them.

There is no question that we have to look at tenure reform in the forestry area. We have to look at how we protect the long term ecological health of our forests, how we maintain that biodiversity that I spoke of earlier and how we provide a stream of sustainable benefits to communities, including non-timber benefits. At the same time we must recognize that workers in the forest industry,

who are concerned about their futures, should be directly involved in these decisions.

• (1200)

We have to look more at moving tenure away from the big multinational logging companies and locating more community based opportunities such as community forests, locally controlled woodlots, expanded small business forestry programs, licences for small processors and processing co-ops.

I know my time is limited, but the concern I have with the motion is that unfortunately it is in a sense replacing one bad deal with another. As New Democrats, we say there is that other option and that is what we want to put forward in the debate today, an option which would allow us to ensure that we can in fact respect environmental standards, that we can respect the rights of communities and workers to determine their own future, that we are not locked in to this investor state provision, and that in fact we can make decisions as the representatives of the people of this country, as the representatives of the provinces we live in, about the future of this very precious resource.

I hope the government will recognize that we must move toward a much fairer trade system in lumber. I hope it will consider the recommendation of the B.C. forest minister, Gordon Wilson, who recently called on the federal government to send a special envoy to Washington to try to negotiate a newer and better softwood lumber agreement. He points out, in fact, that if we do not do so we will once again be into this endless cycle of countervail, threats of countervail and dumping. We now have a threat that there may not even be any retroactivity if we lose at countervail, that again under the WTO.

In closing, it is important that we recognize, as I said earlier, that the market is not God, that the forests should belong to the people of this country, the people of British Columbia, the people of Quebec, the people of the Atlantic provinces and the people all across Canada. We must not have our hands tied in how we approach those forests. For that reason we say no to the renewal of the softwood lumber agreement and no as well to the unrestricted proposal of the Bloc Quebecois for free trade.

**Mr. Bill Graham (Toronto Centre—Rosedale, Lib.):** Mr. Speaker, I congratulate the member for Burnaby—Douglas. It was as usual a very thoughtful speech on this issue.

However, I am kind of curious about the fact that the member for Burnaby—Douglas, who marshalls his facts so well and understands the legal niceties so well, seems to be able to distort the facts in a way that is quite astonishing and to come to conclusions that are so inconsistent with his own party's position.

The member for Burnaby—Douglas knows very well that the minister and the government have been consulting on this issue for the last couple of years. He started his speech by saying there has been no consultation and asking why this is so last minute. The minister has travelled across the country. He has met with stakeholders from every group. He has met with all provincial governments. The government has initialled two WTO challenges to U.S. legislation. In the WTO we are consulting on dumping duties. We have actually challenged their legislation on log exports. The minister has met with the predecessor of Mr. Zoellick and is meeting now with Mr. Zoellick. The Prime Minister is now discussing this issue with Vice-President Cheney.

We have organized a coalition of consumers groups in the United States that support the Canadian position because they understand the need to have lumber at a price that is reasonable and they understand that their own logging industry is driving up prices, which will suppress building in the United States.

All of this work did not happen in the last 20 minutes. This has been happening for a long time, so why is the member taking that position when he knows it is not true? Second, why is he so opposed, then, to the summit of the Americas?

If the hon. member believes in a fair trade agreement, if he believes in an opportunity to get these issues of environment, human rights and all the issues he is talking about on the table, why is he going to protest the summit of the Americas? That is exactly what we will be discussing there. Those are exactly the issues we will have an opportunity to discuss, but the hon. member wants to stymie that negotiation. He wants to kill it before it starts. Where is the consistency in his position?

**Mr. Svend Robinson:** Mr. Speaker, let us cut through the rhetoric and the nonsense here. The member asks why I am going to Quebec City and why I am opposed to the proposals of the government. I will tell hon. members something: we do not even know what the proposals of the government are because it refuses to make public the texts that are being negotiated. It is the height of sophistry for the Liberals to say “trust us, it will be good for Canadian people”.

I have great respect for the member, who chairs the foreign affairs committee, but it is absolutely absurd to ask the Canadian people to simply trust our government to negotiate a good deal even though we still cannot see the text that is being negotiated.

• (1205)

That summit is coming up in a little over a month from now. What we were told by the Minister for International Trade in one memorable declaration was that there is no problem, that these trade deals all look like one another anyway, so if they all look the

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same and are basically the same idea, what is the big deal if they cannot show us this particular text. That is our concern.

I ask the hon. member for Toronto Centre—Rosedale this: if in fact this trade deal is going to look like the other trade deals, does that mean there is going to be an investor state provision in it? Does that mean we are going to give corporations like Metalclad, Ethyl Corporation, Methanex and others the right to challenge the decisions that we as democratically elected representatives make? We do not know. We do not know because the government has refused to allow us to know. It will not make those texts public.

I want to say one other thing, and that is with respect to the point I made initially about the consultation with members of the House.

[*Translation*]

As I said, I congratulate the member for Joliette because I believe, though I may be mistaken, that this is the first serious debate we have in the House of Commons on this issue. And it is taking place two weeks before the expiration of the agreement. This is unacceptable. The Minister may have done some consulting here and there, but what have we done here, in the highest forum of Canadian democracy, where the country's elected representatives meet? Absolutely nothing. And this is unacceptable.

[*English*]

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance):** Mr. Speaker, the member for Burnaby—Douglas talks a great game. I think that both he and I would agree that we certainly want to support our local industries and that from what we see in the larger context the results are not fair.

Besides calling the U.S. some names and not hiding his anti-Americanism and philosophical opposition to trade deals and processes that were not particularly his party's ideas, I am pleased that, first of all, he agrees with the Canadian Alliance that a return to the old formula, the old SLA, is not a preferred course.

To try to clarify his options, what is he really suggesting? Is it more socialism? He says the market is not God. Then who is? Is he saying that a wise bureaucrat somewhere in a ministry is going to solve it? Who will decide? Will it be top down government control in the name of these laudable objectives? Let him spell out how the old style of bureaucratic control, the failures of the past, would work in today's reality. He talks about fair and open access. Is that through a socialist bureaucracy, through departmental mandarins, through replacing markets with edicts and decrees from the czar? Is that what he is talking about?

He talks about standards and sovereignty. We do not get those things through coercion. We get them through co-operation and negotiation. We can make friendly deals and put limits on our

*Supply*

behaviour. When we make a trade deal with someone we may decide not to go to war with someone. That means we are limiting our sovereignty or our choice not to go to war because it is of mutual benefit to both of us.

His solution is old style socialism, which is a failure and will not bring us the results he is talking about.

**Mr. Svend Robinson:** Mr. Speaker, the hon. member refers to edicts and decrees from the czar. What we are saying is that we are tired of secret, unaccountable tribunals telling us as elected representatives what we can do about our own future. Those are the real edicts and the real decrees the member should be concerned with.

More and more we are losing democracy and sovereignty to the hands of multinational corporations, which have the ability, under these so-called trade deals, to challenge environmental policies and to challenge our policies with respect to social programs, cultural programs and other programs. My colleague from Dartmouth can certainly speak eloquently to the concern that we have in the cultural sphere with issues like split run magazines and so on. That is the concern.

• (1210)

We are not saying that there is not an important role for rules in international trade. Of course there is, but we are saying that those rules should be set democratically by elected representatives of the people who consult with the communities they represent. They certainly should not be set by multinational corporations whose sole interest is the bottom line.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, while I share the member's concerns with respect to the weaknesses of the North American Free Trade Agreement, I would point out that the Bloc Quebecois position is clearly known. We are in favour of including social clauses in free trade agreements precisely because we have seen the results of previous agreements. We know that they have an impact socially and culturally. I therefore share his concerns.

However this is not the question. The question is which rules will govern softwood lumber trade between Canada and the United States on April 1. Will it be NAFTA, with all the amendments that would require but which has been signed by both countries, or will we have an arbitrary decision by the Americans imposed on us?

Will the member tell us how voting against the Bloc Quebecois motion will help producers and workers in British Columbia on April 1?

**Mr. Svend Robinson:** Mr. Speaker, in fact we are speaking on behalf of communities, workers, and the environment in British Columbia and in Quebec.

If we were to accept the Bloc Quebecois' motion, we would not have an opportunity to challenge the provisions. For instance, we would not be able to oppose the American challenge to our environmental practices and to our practice of not having raw logs exported from Canada.

It is precisely because we wish to speak on behalf of communities, of the environment and of workers that we are rejecting these NAFTA rules, particularly the infamous chapter 11.

It seems to be fine with the member for Joliette if the big corporations are allowed to challenge provisions of the agreement, whether in Quebec, in Canada or in British Columbia. We, as members of parliament, and the representatives of the government in power would have no opportunity to say no. That is what the Bloc Quebecois is proposing and we do not agree.

[*English*]

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, I am pleased to speak on this issue because it is a critical issue to my party, my region and my country. It is the number one issue that has occupied our attention for the last little while. It is not a simple issue and there will probably not be a simple solution.

For one thing, people should understand that it is a very unique situation, where the United States government deals with Canada under three different sets of rules. One is the softwood lumber agreement, which includes the four provinces of Quebec, Ontario, Alberta and British Columbia. Then there are four provinces under the maritime accord, the four Atlantic provinces of New Brunswick, Nova Scotia, P.E.I. and Newfoundland. Then there are Saskatchewan and Manitoba, perhaps the most important provinces.

In any case, it is an aberration in international trade when one country deals with another country under three different sets of circumstances. It does cause a lot of trouble, but there are reasons for the different approaches in these three different areas.

In the case of the four provinces under the softwood lumber agreement, Quebec, Ontario, Alberta and British Columbia, the American industry and the American government perceive that they have subsidy under the program of supplying stumpage or softwood resources from crown land. The Americans have said that they will consider that a subsidy and they want quotas, taxes or some kind of tariff on those four provinces.

In Atlantic Canada, there is a completely different situation. In 1995 when the SLA was negotiated, 61% of all the softwood exports from Atlantic Canada came from private woodlots, much the same as the lumber industry in the United States. The American industry said the four provinces in Atlantic Canada operated the

same way as it did, so it said it did not require a quota and would not impose taxes or tariffs.

In fact, over the last five or six years those provinces have increased that percentage from 61% to 74.5% in order to address the concerns of the American industry and maintain their position, because under the maritime accord the four Atlantic provinces have, they virtually have total free trade, exactly as this bill calls for. It is free trade and protection from litigation, which perhaps is actually even better than free trade because of the protection part of it.

• (1215)

The Atlantic provinces are adamant that they keep the same criteria they have now under the maritime accord, which is total free trade.

Manitoba and Saskatchewan somehow evaded the net that was cast by the American industry and government and are under no obligations or restrictions at all. They are not part of the maritime accord or of the SLA, but they are there and do ship smaller quantities of lumber but of an excellent quality, especially from Manitoba.

We would certainly agree with the motion, which reads:

That this House support the government's efforts to restore free trade agreement rules for lumber and inform the United States that it rejects any obstacle to the free trade process.

We would also agree with the amendment, which reads "by establishing quotas and trade barriers". We are against quotas. We are against trade barriers of any kind, and that includes an export tax imposed by the Canadian government.

We are free traders as a party. We are the party that brought free trade to the country and to the North American continent. As a region we are free traders now in the softwood lumber business. I am from the maritimes and our region is a free trading region. We have free trade now under the maritime accord. The provinces are adamant that they keep that free trade agreement in place.

The Atlantic provinces are very concerned that, under the current scenario of negotiations and all the things that are going on behind the curtains which we do not know about, the government may be trading away some of these things because we really do not know what it is saying.

My biggest fault with the government on the issue is that it has not gained consensus in the country. It has pitted the west against the east. We have two completely different positions and then another one in the middle. I believe that in any negotiation we must get all our ducks in a row on our own side before we can start negotiating with the other side. The government has made little or no effort to reconcile these differences.

The western provinces under the SLA want to do away with the SLA and establish free trade. The maritimes are already under the

### *Supply*

maritime accord, which is total free trade. It is a different position. There has been no attempt that I know of to try to reconcile these positions.

Meanwhile the B.C. Lumber Trade Council comes to Ottawa to give its side of the position and lobbies hard for it. The Maritime Lumber Bureau comes from Atlantic Canada with Diana Blenkhorn, the chairman and CEO of the Maritime Lumber Bureau, and presents its side. Bob Plecas comes from British Columbia and presents his side. The problem is that we are going into the negotiations divided. The government does not have a clear mandate on what to do because it has not got consensus from the provinces.

The maritime provinces have tried hard to address the concerns of their customer, the American market. They have dealt with the private woodlot sector. They have increased their percentage of production from private woodlots. In my view the maritimes have earned free trade, deserve free trade, have free trade now and should keep free trade as the motion prescribes.

However, this is the motion. The efforts of the government are not clear because the rumours are that the government is negotiating or considering imposing an export tax. One of the rumours is that some of the western provinces' industry representatives are down in the U.S. lobbying them to pressure Canada to apply an export tax. There is even a tentative formula floating around of 10% next year for an export tax, 5% the next year and 0% the next.

There is yet another concern in this whole environment that the government is rushing into something to try to avoid any dispute as the free trade agreement of the Americas approaches. It does not want outstanding issues with our number one trading partner. If we cannot resolve issues with our number one trading partner how can we expand to free trade of the Americas?

We are very much afraid that the government will not get a consensus or an agreement from all the provinces, and that it will dive into something just for the purpose of coming up with a tentative temporary deal to overcome the embarrassment of going into the free trade agreement of the Americas without an agreement with our number one trading partner.

We have just gone through the Brazilian beef issue, which I and most Canadians do not think was handled well. It seemed to be a knee-jerk reaction to another industry's situation completely but the government applied it to Brazilian beef and banned Brazilian beef. However, an hour after the U.S. lifted its ban, Canada was forced to lift its ban. This shows that there is total mismanagement and a total lack of thought and planning.

• (1220)

This agreement and all trade agreements are critical for the whole country but we are afraid the government will take the same knee-jerk reaction approach that it took on the beef and apply it to

*Supply*

the softwood lumber issue in order to avoid embarrassment at the free trade agreement of the Americas.

There are so many rumours and proposals floating around now that it is very disconcerting to all of us. Every day in the House, when members ask the trade minister, the Prime Minister or the parliamentary secretary about free trade, whoever stands to answer says that nobody in Canada wants to go back to the previous arrangements and the previous agreements. We take exception to that because it is not exactly right. Four Atlantic premiers, that is four out of six provinces, have written and signed letters to the Prime Minister saying:

Failure to continue the current agreement and arrangements would have a devastating impact on our region's softwood lumber industry.

The four premiers go on to say:

We respectfully request Canada take the steps to—ensure no lapse in this important and strategic arrangement.

The parliamentary secretary, the minister and even the Prime Minister continue to stand and say that nobody in the country wants the agreement extended. There has been no effort to try to reconcile the differences between the different ends of the country. The Atlantic provinces clearly want the maritime accord renewed and continued, yet the minister stands and says that nobody wants the arrangement restored and continued.

I put the responsibility totally on the Minister for International Trade for not reconciling these differences before he goes into trade negotiations with another country. We have a split in Canada that has not been reconciled. I do not know how we can go into a debate with another country without having all our own country's industries onside and going in one direction. There is no leadership.

When we talk about free trade, Atlantic Canada has had free trade with the United States in softwood lumber since 1842. Under the Webster—Ashburton treaty signed in 1842 we have had free access to that market. Atlantic Canada has always had free access to that market. When the dust settles at the end of the little negotiation we are about to enter, we will still want free trade with the United States. We want the rest of the country to have free trade as well.

We do not want an export tax in Canada. We do not want to be subject to countervail. We do not want to be subject to anti-dumping. All these are possibilities if the government does not take action and at least get the Canadian side organized and get some consensus so that we can negotiate from a position of strength.

The issue is absolutely critical to the Conservative Party. Atlantic Canada delivers about \$1 billion worth of softwood lumber a year to the U.S., with a total market from Canada of \$11 billion. It is a very important market to Atlantic Canada. It is absolutely critical to us. It is critical that Atlantic Canada keep the

free trade arrangement it has now. It is important that the rest of the country establish free trade with the United States as well, but not at the jeopardy of the area that already has free trade.

The Conservative Party is not satisfied that the government even recognizes the differences in the two parts of the country. We are not sure the government understands how the maritime accord even works. Government members never acknowledge it when they answer questions in the House. The bottom line is that they have never reconciled the differences between the two parts of the country.

We have all heard the expression, united we stand, divided we fall, and right now we are already divided before we go into the negotiations.

My party supports the motion to honour and respect the rules of free trade. We do not want quotas or trade barriers but we also do not want an export tax charged by Canada on softwood exports to the U.S. Many of us feel the government is leaning that way, providing a tax against our softwood lumber exports to the United States in order to avoid embarrassment at the free trade agreement of the Americas.

• (1225)

The Government of Canada should stand up for free trade but it should not bargain away our right to ship softwood lumber to the U.S. by saying that we will have a 10% export tax now, a 5% export tax next year and a 0% export tax the next year. Some have even suggested that it may be 20% to 22%, which would be absolutely unacceptable.

I call on the government, before it even starts negotiations, which it probably already has started, to pull the industry together in Canada and get a consensus before it tries to negotiate in the U.S. If not, we will have a hodgepodge of agreements again as we do now. We have three different agreements in Canada. It makes no sense. It is very difficult to monitor and even difficult to explain.

In conclusion, my party will be supporting the motion, as amended, which would avoid any trade barriers or quotas and would extend the rules of free trade in the softwood lumber industry.

**Mr. Loyola Hearn (St. John's West, PC):** Mr. Speaker, I have been listening to the hon. member talk about the case as it affects the Atlantic provinces. It is called the maritime agreement but it is understood that it also includes Newfoundland. When we refer to the four provinces, we locally call them the Atlantic provinces, but in this case all four fall under the maritime agreement.

The member talked about perhaps renewing the maritime agreement or that we should have complete free trade. Would the member give us an example of the difference, if there is a

difference, between what the maritime agreement provides now for the people in that area and what free trade across the board would do?

**Mr. Bill Casey:** Mr. Speaker, my hon. colleague asked an interesting question about the maritime accord and where the name came from.

The name came from the United States. The United States considers anything east of Quebec in Canada to be the maritimes. However the maritimes consists only of Nova Scotia, New Brunswick and P.E.I. The Atlantic provinces include Newfoundland. In this case there is an aberration where the maritime accord refers to all four Atlantic provinces.

The maritime accord provides the maritimes, the four Atlantic provinces, with total free trade and access to the U.S. There are no quotas, no tariffs and no limit. Not only that, it provides protection against litigation for anti-dumping and countervail charges which could be brought by the American industry.

It is an excellent agreement. It provides access to the American market for Atlantic Canada. It provides thousands of jobs in Atlantic Canada. It has allowed for a vibrant, strong industry that can compete next to American lumber producers head to head under the same circumstances. As I said earlier, 74.5% of our softwood lumber exports come from private woodlots, quite similar to the experience in the United States.

**Mr. Rick Borotsik (Brandon—Souris, PC):** Mr. Speaker, first, I congratulate the member for Cumberland—Colchester. He has been a very effective voice on this issue in the House. He has, on numerous occasions, tried to draw out of the government the position it is trying to put forward with respect to the softwood lumber agreement but he has not been successful. He indicated today in his speech that not all the provinces believe what the Prime Minister and the Minister for International Trade have been saying.

However, I will pose a question to the hon. member. We recognize that the position the hon. member has taken is that there should be open borders, free trade, no excise taxes and no quota systems. We all seem to feel that the right way for trade within North America is free trade across an open border between the United States and Canada.

Who is the major lobby group in opposition to this free trade, in the United States particularly? Who is opposing this open borders concept? Who will this have an impact on should an excise tax be placed on softwood lumber going across the border?

**Mr. Bill Casey:** Mr. Speaker, those are good questions. He is obviously a very intelligent and thoughtful member from Manitoba where there is a lot of clear, cold air.

### *Supply*

• (1230)

Who is opposing the free trade agreement in the United States? The industry in the U.S. is opposing it. The system in the U.S. is guaranteed to have opposition from the U.S. industry. If the U.S. industry is successful on April 2, which I think it will be, it will lobby its government to charge Canada or the Canadian industry both countervail duties and anti-dumping charges.

If the U.S. government is successful in imposing those countervail duties and anti-dumping charges, all the money will go to the industry that filed the complaint in the first place. Why would the industry not file a complaint against Canada if we go into free trade? We strongly believe that on April 2 they will file the application for countervail duties and anti-dumping charges unless the Canadian government comes up with some kind of interim agreement.

It is so unfair. The industry in the U.S. has a tremendous incentive to apply for countervail duties and anti-dumping charges. It will get the benefit if the charges are levied.

**An hon. member:** Who is being impacted?

**Mr. Bill Casey:** A lot of people are being impacted. In the U.S. consumers are now starting to complain because they like Canada's softwood lumber. They like the quality, the price and the availability of it. If Canadian lumber is restricted then it will drive up the price of all American building products and will have an impact on U.S. consumers.

[*Translation*]

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, I am pleased to speak today on an issue that is extremely important of course for a region like mine, the Abitibi-Témiscamingue region, but also for the whole province of Quebec and for a number of regions across Canada.

Canada is a major exporter of lumber. Lumber ranks among our greatest resources. We have been engaged in a trade dispute with the United States for some 20 years. Given the escalation in the means used, we should clarify this whole issue once and for all and support our industry to the end, so that this sector like many others is covered by a true free trade policy.

The Bloc Québécois is proposing the motion today to show solidarity with an industry that has succeeded in building a very strong coalition, which shows that people are prepared for comprehensive and global free trade. These people are prepared to begin to play, on April 1, by rules that should have been in place for quite some time.

I will not review the whole history of this issue, but since 1982 the Americans have challenged on a number of occasions the fact that the Canadian industry was subsidized, using all kinds of

*Supply*

recourses in the process. This situation was primarily due to a different approach, since in Canada large areas of forest and land are publicly owned, while in the United States they are privately owned. The Americans have always felt that stumpage fees were perhaps too low and they have used that argument to claim that our industry was thus being subsidized.

They have made that claim wherever they could, including in the United States, but not exclusively. They won a number of cases internally, but when the time came to clarify the matter before organizations other than those pressured by the American lobby or by the U.S. industry, their claims were never validated.

For a variety of reasons, this led the Government of Canada to sign agreements on two occasions with the American government, the protocols of which included acceptance of a system limiting our ability to sell our products freely on the U.S. market. The first of these was in 1991 and the second in 1996. It was to run for five years, terminating on March 31.

For the past five years, the current system has included quotas. Of course, even if the government wanted to recognize past production, a quota system creates problems for us in that it is too discretionary as to who has or does not have the right of production. Some benefit from the quotas on what we are entitled to produce, without falling victim to the drastic American measures.

• (1235)

I do not know how many members have had this experience, but I and many others have heard complaints from people in our regions that they did not have a big enough quota or were not given any at all. This creates problems for new players in the market. Lacking quotas, they are at a disadvantage compared to those who do have one.

As a result, we end up with an economic system in which highly arbitrary choices influence the capacity of certain industries to develop and prevent others from developing.

The time has come for the government to stand up and vigorously defend Canadian and Quebec producers. Just to remind the House briefly, so we understand what we are talking about, the industry in Quebec produces about 25% of Canada's output. I am giving figures for Quebec, but you will no doubt hear members from other areas during the day telling you how important this industry is for their region.

The industry in Quebec produces seven billion board feet. Production is measured in board feet. There are over 30,000 jobs linked to the lumber industry in Quebec. The sawmill industry accounts for 20,000 jobs and the forestry industry, 10,000. This

industry is important in a number of municipalities, as we can see from the figures given this morning.

There are 250 municipalities in Quebec where all of the manufacturing sector jobs are related to this sector. There are 250 municipalities. We are therefore talking about something really important to many communities throughout Quebec, and I am sure that this is true in many other regions in Canada. It is very common to have a lumber business as the major activity in a village with, of course, a few other economic activities about. But the manufacturing sector is where we have to keep improving.

Our ability to export lumber does not excuse us from other issues, such as better processing our products, producing more value added products or better using our natural resource. All of this is an extremely important issue we must not lose sight of. But trade rules must be the same for everyone.

I remember that, when I was first elected in 1993, I had the opportunity to have discussions with Tembec Inc., a major player in that industry back home. On the general topic of free trade, officials from that company said "Yes, this is one way free trade. The Americans really like having access to our market, while it is very difficult for us to have access to theirs". They were referring to all these problems they were experiencing in their industry or foreseeing because of the complex situation and the numerous challenges by the Americans.

Americans are very good at extolling the virtues of free trade. They will do exactly that at the Summit of the Americas. They will make great speeches in support of a market covering all the Americas. But it is another story when they are confronted to realities like the one where part of their industrial sector could be threatened by the very productive companies we have here.

Incidentally, we always talk about productivity gaps between Canadians and Americans, but there are sectors, like mining and logging, where our productivity rates are excellent. We too often forget to mention that. Whatever we may think and despite the fact that traditional economy has been run down and called "old economy", there have been massive investments in the natural resources sector. Such sectors are often among the most productive in the Quebec and Canadian economy.

People in these sectors want access to the U.S. market just as much as the Americans want free access to ours. That is what free trade is all about. But we are familiar with this tendency of the Americans to say one thing and, in practice, to block free trade. This is one area where the Government of Canada will have to stand behind an industry. There are major legal battles on the horizon.

Certain provinces are being accused of dumping. There is again talk of challenges because this industry is subsidized. The govern-

ment must not abdicate its responsibilities towards the industry in this battle. It must not negotiate any sort of transitional agreement whatsoever. This is one thing that worries us.

• (1240)

The government clarified its position, but there was a suggestion of hesitation when it said there would be a transition towards free trade. No transition is necessary. On April 1, we will be in a free trade position. This means that businesses will be in a new phase; admittedly, some will have a transition to make, but we do not want a transitional agreement. We want full free trade and we want the government to mount a strong defence of our industry in these battles, to be there for us and to take the lead, so that we do not find ourselves in the situation we have been in for several years now. The result of arbitrary decisions has been that some companies have been able to grow while others have not, and some have been limited in what they could do.

This is an excellent test of the effectiveness of the Minister for International Trade. We will see whether or not he is up to the task. He has everything he needs to succeed. The industry is strong and parliament will be very solidly behind him, I am sure, with the Bloc Quebecois motion moved today. He has a responsibility to succeed. The Government of Canada must succeed because this industry is extremely important to our economy.

Of course things will be heated for a while, because the Americans will make all sorts of threats, but we must follow through so that we do not find ourselves having to make this same argument every five years. We must resolve this once and for all, clarify the situation, and enter fully into free trade.

We have every confidence that our industry will do well in these circumstances and that our economy will be able to grow further.

[English]

**Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance):** Mr. Speaker, I compliment the Bloc member on his speech. He described many of the problems Quebec has in the same terms that I would describe the problems in British Columbia. Half of the \$11 billion trade in Canadian wood comes from British Columbia.

In addition to what the member said, it seems to me, though, that the main problem is simply the inability of Americans to want to compete with us on fair ground and the inability of the Canadian government to handle a consistent and well thought out trade position.

I think of the farming communities that we represented on the streets in Ottawa yesterday. Their lifeblood is being drained away trying to compete against subsidies. I think of the dumping of apples in British Columbia. I think of the recent Brazilian meat kerfuffle and a poorly thought out position by the Canadian government.

### *Supply*

Canada has perhaps the highest efficiency lumber mills in the world. These mills do not only put out a train car of lumber a day. Medium size mills put out a trainload of lumber and know the value of every stick on the train as well.

We are told that we have difficulty with stumpage. This lie is being propagated by those who do not wish to compete on a fair playing field. There is no advantage in stumpages for our producers.

We have long roads over high mountains and deep swamps. We have the high costs of getting the raw materials to our mills. We have a situation now where mills are faced with an unfortunate choice because the weight restrictions are already on roads in British Columbia. The mills have yards full of logs and the unfortunate choice of having to mill them at a loss or leaving them stacked in the mill yards and swallowing the costs of getting them there. No one is making money in this regard.

I call upon the government to think about what it is doing and to understand that the issue is competition. It is hard to compete against people who benefit. It is not hard to understand how they avoid wanting to compete when the duties that Canada pays go as cash into their pockets.

In conclusion, what specific proposals would the member have for Quebec? They may be reminiscent of what we would need in British Columbia. What specific proposals would he have for the federal government as it talks to our U.S. trading partners about the issue?

• (1245)

[Translation]

**Mr. Pierre Brien:** Mr. Speaker, I will begin by answering the question, and then I will make comments. The answer is simple. What we are asking the federal government is nothing complicated: true free trade and nothing else. It is the basis for the best solution.

I will pick up on some of the points raised by the Canadian Alliance member. The lumber industry is a highly productive industry, both in Quebec and in British Columbia. I am pleased to be able to repeat this. There has been much talk of the new economy over the past 10 years or so, but our traditional resource sectors are now consumers of new technologies. These are highly productive sectors and perhaps among the best adapted to the integration of these modern new development concepts.

These are, therefore, highly productive sectors. It is not our problem that the Americans cannot compete with us. In the case of Quebec, we know that the figure was, if I remember correctly, 0.01%, the last time we checked the industry subsidy. We are talking of something that is marginal to say the least.

*Supply*

If our prices are lower, it is not because of a subsidy but because of our efficiency. The federal government needs to tell the American government now that there will be no more foolishness of signing agreements right and left, and thus hindering trade in this area.

I remember how the Minister of Industry took pride in announcing, in connection with a trade dispute with Brazil, that it was high time that Canada stopped acting like a Boy Scout in the conflict between Bombardier and Embraer.

It is the same in this case also. It is time for Canada to start acting like a true partner to the industry, to move to true free trade once and for all, and not to bow to the pressures exerted by the Americans during the period of turbulence that is coming when there will be but one objective: for free trade to start up on April 1 and just keep on going and going.

**Mr. Marcel Gagnon (Champlain, BQ):** Mr. Speaker, like my colleague, I congratulate the member for Joliette, for initiating this debate today.

I am also scandalized, a bit like the member for Burnaby—Douglas earlier, that an issue as important as this is being raised today, two weeks before the end of the agreement, two weeks before free trade resumes and by the opposition.

Such an important matter as this should have been given special attention by the House, debated and treated with something besides arrogance on the part of the government when we ask questions about it. It should have been responded to in a way that at least gives impression the issue is being addressed, if forestry workers are not given full satisfaction.

When we asked questions on lumber in the House, we had the impression the issue was a bit embarrassing or that it did not concern us.

This morning, thanks to my colleague from Joliette, we are having an indepth debate and we can show just how important this matter is. It is important for Quebec and for the rest of Canada. As we have just said, what does it mean for Quebec? It means 30,000 jobs, including 10,000 in the forest. This matter is doubly important for my riding of Champlain.

This year we will be celebrating the 350th anniversary of the city and the region of Cap-de-la-Madeleine. We are at the start. The forest is part of our culture, part of our past and will be part of our future if properly handled. My riding includes the city of La Tuque, in the north. Each time there is talk of American dissatisfaction over lumber, I can say the workers around La Tuque are not

particularly happy with the situation. They do not like it a whole lot.

• (1250)

Last week I travelled around that region. They begged me to press the minister to do his best to defend this cause. He should stop saying in the House that he has everything under control if he is to come back after a meeting with the Americans and say that he is a bit discouraged by the whole issue.

The Mauricie region depends on the wood industry, on softwood lumber. Our industries have managed to adapt. Our industries are financially viable. As my colleague said earlier, perhaps the Americans are afraid because we adapted a bit quicker than they did. However we must now have the opportunity to compete freely. We can be replaced.

Sources say that the wood industry in general, especially the softwood lumber industry which is the object of today's debate, involves some 250 communities in the province of Quebec. Most of the 27 communities in my riding are concerned by the softwood lumber issue. I hope the minister will understand. Even if we do not obtain unanimous consent from the House, I hope we will give the minister a clear enough mandate for him to stand up and avoid weakening his position. To this end there is nothing else to do but to come back to free trade as of April 1.

I will read again the motion of the member for Joliette:

That this House support the government will [—]

I wish to underline the word will, because I was wondering if the will was there. I have faith in the Prime Minister who seemed to be saying yesterday that the will was there.

The motion goes on:

—the government—in its efforts to restore free trade agreement rules for lumber and inform the United States that it rejects any obstacle to that free trade process.

The motion before us is extremely important. In the riding of Champlain and in the Mauricie region, history is closely related to the forest. I remember the fight that I personally led in the late seventies, as a member of the national assembly, regarding the closure of pulp and paper mills. At the time, Trois-Rivières was considered the world capital of pulp and paper. We held our ground and we modernized the plants, thanks to René Lévesque, who believed in the importance of unconditional government support.

Mr. Lévesque used to say that the broadest possible consensus was needed to protect such an important industry. When we ask the minister about this issue, I would appreciate it if we could get answers other than those that we were given yesterday, and I am not only referring to this specific issue.

Yesterday, when we put questions to one minister, another would reply. Then, when we would ask a question to the second minister,

*Supply*

the first one would provide the answer. We were treated as if we had no right to speak in the House, as if democracy did not exist. Today's motion seeks to strengthen the minister's resolve.

We had a great poet, Félix Leclerc, who was born in La Tuque and spent his childhood there. Another great performer, Sol, our national hobo, did a show to pay tribute to Félix Leclerc, after he had passed away. Sol ended his show by saying "This great and extraordinary poet of ours finally made us realize one thing: to become a giant, one has to stand up".

I am asking the minister to stand up and to protect our lumber industry with all his energy. This morning, we are giving him our support, so that the people in La Tuque, Saint-Tite, the Mauricie and all of Quebec will know that everything will be done to protect their jobs in the lumber industry, and that the Americans will realize that, as of April 1, it is free trade and nothing else.

• (1255)

[*English*]

**Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance):** Mr. Speaker, I would like to compliment my Bloc Québécois colleague for his speech. It reminds me again that so many of the difficulties that Quebec experiences with the federal government are the same difficulties that we in British Columbia experience.

He spoke of 27 communities in his constituency, a majority of which depend upon the wood industry. I am not competing with him in any sense, but in my constituency which is more than 120,000 square kilometres in size with 36 communities, there is not one of us who does not depend upon the forest industry. This is an extremely important issue for us.

In our minds it is an issue of fair competition. We believe that we have taken up the challenge of competing fairly and now we are being castigated because we have outdone our competitors in the United States. We have the most efficient mills in the world not because they came cheaply or easily, but because of the kind of wood we have in the forests and because of the kind of difficulties with which we have to compete. This includes the kind of equipment that we have and the kind of personnel we have to recruit, train and employ. We are able to compete very well.

To say we are not competing fairly is more than wrong. It is a falsehood being promoted by people who would rather make profits by making false accusations than competing fairly. We have mountains called Pike's Peak. To bring in the lumber, truckers go up one mountain they call Heaven because it is so far away and so difficult to get to. Those are the kind of difficulties we have overcome.

We have come through a period of softwood quotas where some of the major companies have made it through fairly well but not easily. There is no room for expansion for those who would like to

grow. We have had a very difficult time. Now we are coming to a period where we are talking about countervailing duties and anti-dumping penalties that will make it even more difficult for those who are already losing money. This is the difficulty we face. We need fair competition and free trade so that we can compete fairly.

In the presence of the foreign trade minister who is in the House today, what recommendations would my colleague make so our foreign trade people can take to Washington a consistent, clear and urgent message that free trade with Canada depends not only upon wood, but upon the whole spectrum of free trade?

[*Translation*]

**Mr. Marcel Gagnon:** Mr. Speaker, I thank the hon. member for his question. When he talks about the competitiveness of the workers of his province, and the same goes for Quebec workers, he is right to say that some industries are able to face competition. In this sense, this is why free trade is beneficial for us.

As I said in my speech, one must have the energy, the willingness and the strength to succeed. To my knowledge this strength is also to be found in parliament.

Ministers who have such issues to contend with should submit them to us for discussion, to obtain the support of parliament and make use of its strength, so that they can meet with the Americans and tell them that we are almost unanimously in favour of free trade. There must be free trade because this has been negotiated. It has to happen now. No barrier is acceptable.

• (1300)

[*English*]

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, I will be sharing my time with the member for Vancouver Quadra whose contributions to this very difficult file have helped the government a lot. I thank him for his work on this file.

[*Translation*]

I am pleased to rise in the House today and to respond to the opposition day motion brought forward by the hon. member for Joliette. Since the beginning of the 37th parliament the member and his party have often brought up the issue of softwood lumber in the House of Commons.

I have already given an overview of Canada's position on lumber during oral question period in the House and from time to time to the media, but I am very glad to know that today all parliamentarians will have the opportunity to discuss one of the most important business issues for Canada, one that touches hundreds of communities across the country.

Canadian softwood lumber products are the largest group of products exported from Canada to the United States. In fact one out of every sixteen Canadians works in our forestry industry and is

*Supply*

dependent, for his or her income, on the production and export of our forest products.

Across Canada, from British Columbia to Newfoundland, at least half of the economic well-being of over 330 communities is dependent on the forest products industry.

Canada's role in the production and export of lumber is unique. It represents 20% of lumber exports worldwide and 34% of lumber exports to the growing U.S. market. Our plants not only employ 64,000 Canadians. They also provide housing to millions of people on this continent and around the world.

In fact last year we exported \$10 billion worth of lumber to the United States, which is no small feat.

The agreement has had its good sides for our industry, but after five years we have come to realize that it also had its weaknesses. The industry in Canada and the U.S. have now agreed not to renew the 1996 agreement.

It is time to move away from managed trade in this industry and to turn toward what should already have been in place for a long time: free trade in softwood lumber.

[*English*]

This is what Canadians want and deserve. Regrettably it is also what the United States softwood lumber industry fears the most. We have recently seen American legislators propose resolution after resolution calling for further restrictions on Canadian exports to the United States. I take this opportunity today, therefore, to put the issue into perspective by addressing what is really behind the U.S. industry's attack on our exports and the nature of the challenge we face.

The U.S. industry and some supporters in congress have long been mesmerized by their own rhetoric. U.S. claims of subsidization are in fact no more true today than they have ever been. Today I would like to focus on what are actually the five essential facts of Canadian softwood lumber trade with the United States. These hard facts, which we all need to keep clearly in sight, will form the foundation of the Canadian position on softwood lumber.

First, the U.S. industry's position on softwood lumber is not based on any legitimate claim of unfair practices by Canada. It is based on protectionism, pure and simple.

Second, Canada has a right under our trade agreements including a right of access to the United States softwood lumber market which the United States must recognize.

Third, Canadian forestry programs do not constitute subsidies to the Canadian industry.

Fourth, Canada is a leader in sustainable forest management practices.

• (1305 )

Fifth, the role of the Government of Canada is to safeguard the Canadian interest in the face of U.S. protectionism and to work toward free trade in this vital sector.

Let me take each of these five points in turn. First, it is good old protectionism that has always driven the United States industry position on softwood lumber. We have heard U.S. claims that there will be a wall of wood coming from the north when the softwood lumber agreement expires.

Traditionally Canadian lumber shipments to the United States arrive in April as demand for wood increases due to spring housing starts. This is normal and is not a wall of wood from the north. In reality what we could face is a wave of protectionism from the south washing over us on April 2. This has been going on for nearly a century. United States softwood lumber producers have always wanted to restrict Canadian exports. They have always wanted protectionism from Canadian competition.

However there are now interests in the United States that have taken a position against another round of protectionist measures in this sector. American homebuilders and other consumers of softwood lumber are also calling for free trade, pointing to the adverse effects in the United States of reducing access to Canadian wood and the price.

U.S. homebuilders claim that protectionism costs United States consumers \$1,000 for every home built in that country. This is a steep price to pay to protect the United States lumber industry. The fact is the United States needs and relies on our lumber. It is not self-sufficient. Second, let me talk about our rights.

[*Translation*]

A second essential point has to do with the protectionist threats currently being uttered by the U.S., which go directly against our trade agreements, those of NAFTA and the World Trade Organization.

The government has already taken steps. We have initiated two major dispute settlement proceedings at the WTO against the U.S., proceedings that directly affect lumber. What counts is that we are not prepared to allow the U.S. to concoct its own version of the rules established internationally or to choose which of their trade obligations they are prepared to honour.

The most central point in the softwood lumber issue is as follows. Throughout all our discussions about lumber, the U.S. has always alleged that the Canadian industry is subsidized. Nothing could be further from the truth. The Canadian industry is not subsidized by cutting rights or by any of our policies.

This is why despite several tries the Americans have never managed to get their subsidy allegations to stick. In fact, their subsidy allegations have never been proven. If they build another countervail case, we will defend ourselves against such allegations as we have in the past.

[English]

Fourth, let me address the question of forest management practises and the environment. Once again the facts speak for themselves. Canada, with 94% of forest land under public ownership, controls harvest levels so that forests are not depleted. Canada grows twice as much wood as is harvested annually. Less than one-half of 1% of Canada's commercial forests are harvested each year, well below sustainable harvest levels. Canada, with more commercial forest land, cuts less than half of what is harvested in the United States each year.

The simple truth is that Canadian harvests are limited by annual allowable cuts that are based on the sustainable growth rate of the forest. As recently as January, a joint survey conducted by the University of British Columbia and Yale University ranked Canada as one of the top three nations in environmental sustainability.

Fifth, the Government of Canada's role is to safeguard Canadian interest. During the past year I have consulted with Canadian industry from all regions of our country to hear its views on how to proceed next. I have asked Canadians at large through open dialogue their thoughts and ideas. I have brought our stakeholders together to listen to what they had to say about our trade with the United States.

• (1310)

Recently I met with representatives of all provincial and territorial governments in Ottawa to discuss their specific concerns and to determine together how we should proceed. In an effort to bring all views forward and to continue our dialogue with our neighbour to the south, I met with United States trade representative Bob Zoellick in Washington a little more than three weeks ago. At that time I presented Canada's case to the United States and proposed as a way to avoid our recent history of trade dispute on softwood lumber that both countries appoint envoys to provide governments with non-binding recommendations on solutions to this dispute.

[Translation]

We will continue to work with all the stakeholders in Canada and to ensure that the interests of all of Canada's regions from British Columbia through Quebec to the Atlantic provinces will be taken into account.

Furthermore, even though we are working toward finding solutions, we will also affirm our rights under our trade agreements. We are entitled to free trade. We want free trade.

### Supply

In conclusion, I support a vigorous Canadian lumber sector, as do all members on both sides of the House. This is why I will support the motion by the member for Joliette. I encourage all members on both sides to do the same. We must send a clear signal to the US that our House of Commons is united in its support for the Canadian lumber sector and let it be known that we will defend our rights under the international agreements.

**Mr. Ghislain Lebel (Chambly, BQ):** Mr. Speaker, I have a question for the minister.

I would like him to explain how it can be that in the United States when there is a dispute, when an appeal is won, and I presume the decision must be executed as in a regular court, it does not work that way for the Americans. Even if they lose, they try a kind of blackmail on us and we end up forced to negotiate what is coming to us as a result of the decision by the trade tribunal. I am not laying any blame whatsoever on anyone.

I would just like him to explain how, even if we win out, they will not comply unconditionally but come after us with other agreements on milk, eggs, yoghurt, margarine or mayonnaise. Do the Americans only use free trade when it suits them? That is what I would like explained.

**Hon. Pierre Pettigrew:** Mr. Speaker, the hon. member's question is an extremely pertinent one. That is why I expressed a degree of impatience after my discussions with the new representative of the Bush administration, Bob Zoellick.

There are people who insist on repeating false statements, even when they know they are wrong. This is the situation as far as the softwood lumber industry in the United States is concerned.

The parliamentary secretary, whom I thank for his speech this morning, has clearly demonstrated that this is an issue of market share. When the Americans see us with 30% of the market, that is okay, but the minute we start to pull ahead, because of the highly competitive nature of our industry with its modernized mills that are highly productive and therefore highly competitive, they try to rein us in.

Now the international systems and tribunals provide us with recourse and the rule of law applies. In fact, their stubbornness leads them to use certain tactics, which are regrettable but which are part and parcel of the legal systems under which we live.

[English]

**Mr. Preston Manning (Calgary Southwest, Canadian Alliance):** Mr. Speaker, I thank the minister for his remarks and I wish him well in the fight against American protectionism and the fight for free trade in this sector.

*Supply*

I would like to ask the minister a somewhat technical question, but one that is very important in terms of jobs and the Canadian interest in this question. As the minister will know, the lumber industry includes not just the primary sector but a secondary sector that is involved in remanufacturing of wood products, many of which are directed toward the United States.

• (1315)

The minister will also know that this sector is very large. It includes, I think, 300 independent producers in B.C., Alberta, Manitoba, Ontario and Quebec. It employs over 40,000 Canadians annually. Its production is about \$4 billion annually in sales. The sector accounts for about 10% to 15% of Canada's exports to the U.S. under the current SLA.

The minister will also know that group is actively working on the development of a transparent and enforceable process through which Canada's secondary sector can be, from an administrative perspective, effectively excluded from any countervailing duties or from any other restrictions imposed on Canadian softwood lumber exports to the U.S. either now or in the future.

My question is, does the minister recognize the concerns of the secondary lumber sector and support its efforts to avoid injury when the current SLA comes to an end?

**Hon. Pierre Pettigrew:** Mr. Speaker, I thank the member for Calgary Southwest for his good wishes in this very difficult and complex file. I trust that we will all be able to work together on it, opposition and government.

Yes, we are very much aware of the differences between the primary producers and the secondary remanufacturing of wood. In the last agreement a great deal of secondary re-manufactured products were included. In our view, it is very important that American producers, when they act the way they are announcing they will act, have the same mentality and the same refinement in distinguishing it. We will monitor that very closely.

Obviously it will be up to U.S. producers, but in my view they should not have countervailing duties on any of the softwood, neither primary nor secondary groups. We will demonstrate that such measures are not legitimate because we are not subsidizing any part of our sector.

However, it will be important to monitor closely what products the Americans attack or put under investigation in early April if they decide to go that route. We will be able to demonstrate that we are not subsidizing either group, and we will do everything we can to protect both sides of the softwood lumber industry.

**Mr. Svend Robinson (Burnaby—Douglas, NDP):** Mr. Speaker, as the minister will know, we strongly agree that the current softwood lumber agreement should not in any way be renewed and should be allowed to expire at the end of this month.

I have two very brief questions for the minister. As the minister knows, I represent British Columbia. One of the very serious concerns there is the dramatic increase in the volume of raw log exports from British Columbia. In 1997 the amount was a little over 100,000 cubic metres. Last year it was perhaps as much two million cubic metres.

The minister and the government are under pressure from some forest companies to reduce current restrictions on raw log exports. Will the minister make it clear to the House, to the people of Canada and particularly to the people of British Columbia that he will not in any way reduce restrictions on raw log exports and that in fact he will take steps to ensure there are even fewer raw logs exported?

Second, what is the response of the minister to the proposal by the B.C. minister of forests that he attempt to seek the appointment of a special envoy to negotiate a fair trade agreement with the United States so that we will not be into this destructive cycle of countervail, tariff and anti-dumping procedures after March 31?

**Hon. Pierre Pettigrew:** Mr. Speaker, I assure the member that whatever we do about the log exports from British Columbia it will not be done under pressure from the United States. Either the provinces or, as in the case of export control, the Government of Canada makes all the decisions for Canadian forestry practices. However, whatever we do it will never be because of pressure from the United States on this file on which we feel very strongly.

We thank the House for its support on this complex and difficult file.

• (1320)

In terms of the envoy, I had a conversation this morning with the British Columbia forest minister. The envoy idea was put forward by our government. It was not a suggestion the B.C. minister put forward but a suggestion our government put forward. I raised it with Bob Zoellick, the United States trade representative of the Bush administration. He sounded skeptical at first but has not rejected the idea. It could certainly allow us to have a calmer dialogue on facts, as I have tried to put in my own remarks. It is a suggestion our government supports because we initiated it.

**Mr. Bill Casey (Cumberland—Colchester, PC):** Mr. Speaker, I too acknowledge how complex the situation is. It has tremendous potential to be divisive for the country and may pit four of the provinces against the other six. However we will work with the department if we are kept in the loop.

I have a couple of specific questions. First, as the minister knows, the maritime accord gives Atlantic Canada true free trade and the four Atlantic premiers have asked for the maritime accord

*Supply*

to be extended. Will the minister assure the Atlantic provinces that any future agreement will assure the continuation of the free trade and protection from litigation that are provided under the maritime accord?

**Hon. Pierre Pettigrew:** Mr. Speaker, for the past 20 years the Atlantic provinces have been exempted from all quotas and any other restrictions the United States has imposed on the rest of our country. We would like all of Canada to benefit from free trade with the United States. We will fight very hard to maintain Atlantic Canada's complete access to the U.S. market. I want the same for British Columbia and every province.

We want free trade and we deserve free trade. We hope very much that the Americans will respect Atlantic Canada as they have for the past 20 years.

If the Americans move in early April I hope they will not target the Atlantic provinces. I hope they will recognize that the Atlantic provinces do not subsidize. I also hope they will recognize the great history we have had in the past 20 years. I would like the rest of the United States' producers to respect the rest of Canada as they have respected our Atlantic provinces in the last few years.

**The Deputy Speaker:** At this point I see there are still members rising. I will put myself in the hands of the House as I believe I should, depending on the availability of the minister and the desire of the House to continue the questions to the minister. We have more than generously used the question and comment period.

**Mr. Richard Harris:** Mr. Speaker, I rise on a point of order. Because this is such an incredibly important issue, and because the minister is here and has obviously said he would stay a little while, I would ask for unanimous consent of the House that we continue for as long as the minister may stay.

**The Deputy Speaker:** Is there unanimous consent?

**Some hon. members:** Agreed.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I have a very specific question for the minister.

Apparently many Americans and a minority of Canadians in some industrial sectors think that to avoid a trade war with the U.S., Canada should voluntarily impose an export tax on its lumber sold in the U.S.

I would like the minister to tell us if such an idea has been categorically rejected.

**Hon. Pierre Pettigrew:** Mr. Speaker, I am delighted to remain in the House a while longer. The only problem is that after question period, during which I will be available to answer questions from opposition members, I must appear before the Standing Committee on Foreign Affairs and International Trade. I do not think anyone

could contend that the Minister for International Trade is not making himself totally available to his colleagues in parliament.

In response to the question of the hon. member for Joliette, who is the seconder of today's motion, I will say that this was the solution Bob Zoellick suggested when I met him. He asked me if we would consider that.

• (1325)

I can assure the House that there is absolutely no consensus that we should limit our access to the U.S. market through an export tax or any other means. There is absolutely no consensus in Canada for such a tax, which could be construed as an admission that we are subsidizing our industry, which, of course, we are not.

[*English*]

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance):** Mr. Speaker, I appreciate the minister's seeming support for this motion, but I have some questions to ask him about the fact that the government appears to have come considerably late to this party.

As far back as three years ago in the softwood lumber agreement the signs and evidence of market distortion, the harm it was causing our industry and indeed the creation of the have and have not quota holders were becoming quite prominent. It is only within the last several weeks that the minister and the government have been talking about this issue in a public fashion. The minister may well have been talking to industry leaders over the last year but it has only been in the last several weeks that he has talked about it publicly.

As a result, the Americans have beaten us to the punch and have come out with their sabre rattling. We have had lots of time to work on this. We have had as much as two or three years to try to drum up support south of the border for our position with the coalition of senators.

Why has the minister and the government come so late to the party in a public way?

**Hon. Pierre Pettigrew:** Mr. Speaker, I am flabbergasted by the question because we have been working very hard at it for quite a few years. If the opposition failed to ask me questions on the issue over the last few months and years, it is certainly not my fault.

We have been working in Washington through our embassy and through the lobbyists we have hired. We have also been working with industry from all regions of Canada and with the provinces. We have helped build a coalition in Washington of home builders and consumers. We have built strong arguments and cases that we have put forward time and again. I can tell the member that our government is ready.

Why would we have come to the House if an agreement that would be terminated March 31 was the wish of everyone? I do not know how I could have come to the House without having done exactly what we have been doing.

*Supply*

There is a consensus that we let the agreement terminate. I can tell the member that we have mustered all the support we could in Washington. We have consulted and maintained a united front on the Canadian industry both with the provinces and the industries themselves. We are in much better shape to meet the challenges that are awaiting us.

**Mrs. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, my hon. colleague from the Bloc, the member for Joliette, asked the minister what his and the government's position was on the export tax. The minister acknowledged that there was no consensus.

The question was not whether there was consensus. We recognize that there is not consensus. I believe the question, certainly from my perspective, was whether the minister and the government supported an export tax and whether they would support an export tax as another way of buckling to U.S. pressure?

**Hon. Pierre Pettigrew:** Mr. Speaker, I think my answer to the earlier question was quite clear. There is no such consensus in the country and the government reflects the consensus we have been building and working on. We will not admit that we are subsidizing our industry.

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, I thank the minister for staying to take questions because it is an extremely important issue.

I have not been able to participate in the debate, but there was a comment made about the have and have not provinces for quota holding. The member who made that comment should take a look at some of the facts before us.

Six provinces in Canada now enjoy free trade with the United States in softwood lumber. In Atlantic Canada that goes back to the Webster-Ashburton treaty of 1842. There is a lot of history in reciprocity of softwood lumber products between Maine and Atlantic Canada.

• (1330)

Because we have six out of ten provinces that enjoy free trade now it is the position of the Conservative Party that we should not be encompassing all six provinces with the other four that are suffering under a softwood lumber agreement. We should be seeking free trade for those four provinces directly. We could support that from our position. I would like to hear the minister's position on that.

**Hon. Pierre Pettigrew:** Mr. Speaker, the government stands for Canada, for the Canadian forestry industry. We do not want the six provinces that have free trade right now to be subjected to quotas. It is the last thing I would ever want. I want to free the rest of the

country from the restrictions and the quotas we have right now. I want to free British Columbians, Albertans and Quebecers from the self-restrictions to which they have been subjected. I want to keep our country united.

I do not want to affect the Atlantic provinces and the privileged position they have had in the last five years. I am glad for them. I have served them well. I am glad for the Atlantic provinces, but I want to fight to maintain a Canadian position and not play east against west or any other division. I want Canada as a country to be united behind all our softwood lumber producers. They deserve a free and total access to the United States market. This is what American consumers want.

**Mr. Philip Mayfield:** Mr. Speaker, I rise on a point of order. It is my understanding that the House had agreed that we could ask short questions of the minister as long as he cared to stay. I come from an area that would be devastated by this and I would very much like to ask a short question under the rules that we established.

**The Deputy Speaker:** The rules were established as indicated by the hon. member but, as he has also mentioned, at the availability of the minister. In one intervention not long ago he mentioned that he had to prepare for question period and that he had to testify as a witness at committee. The minister will be available all afternoon in these other forums, so I think we will have to resume debate.

With the greatest of respect, I know the hon. member for Cariboo—Chilcotin has been a very active participant in the debate since I have been in the chair and I suppose all day on this very important issue. It is my understanding that the minister is not able to stay right now, so I will have to resume debate.

**Mr. Stephen Owen (Vancouver Quadra, Lib.):** Mr. Speaker, I join the Minister for International Trade in supporting the motion. I also commend the Bloc Quebecois for the admirable dedication to the cause of Canadian unity that the resolution exemplifies.

The issue of subsidies in the free trade of softwood lumber to the United States is one that is dear to the hearts of all British Columbians. It is an essential aspect of our economy and our social fabric.

When we look at the difference between forest practices in the United States and Canada, which is at the heart of any claim to subsidization, it is a matter of whether we have private land or public land logging. In Canada, as has been noted, 90% of logging is done on public land, with 10% on private land. In the United States it is the other way around, with private logging making up 90% of its logging practices.

The sustainability which the public demands in Canada of those logging practices is absolutely critical to the question of whether or not there are subsidies. It is also critical to the health of the

economy, society and environment of Canada. Sustainability depends on a balance among those things. We simply will not have economic strength if we do not have social stability. We will not have social stability unless we have environmental integrity. We must keep those in balance.

In listening to the debate as I have with great interest today, I have been taken by the amount of unity across the country that has been expressed by many hon. members from different parties. In that spirit I want to make my next statement very gently. I simply observe that sometimes the failure from the left is that it believes government can do everything. Of course it cannot. Sometimes there could be a failure of the right as well while properly mistrusting big labour and big government but not sufficiently mistrusting big business.

• (1335)

That is particularly ironic given the fact that so much faith is put in the marketplace. The greatest threat to the marketplace and the cause of market failure is often uncompetitive practices and large monopolies. In the spirit of what we are saying in the House, I should like to touch on those two points.

In terms of the economic issues, we have heard of the large importance to Canada as a whole of softwood lumber exports to the United States. That is of particular interest and importance to British Columbia, making up approximately 47% of those exports, totalling almost \$11 billion.

My hon. colleagues from Prince George—Bulkley Valley and Cariboo—Chilcotin have properly recognized the importance to their communities and resource based communities around British Columbia of sustainable support of this industry.

The forest industry in British Columbia has contributed greatly over the last decade to the forest management practices that we enjoy in British Columbia and demonstrate across Canada and around the world. These are not subsidized. Stumpage rates have been significantly increased, as well as forest practices over the past decade.

With the forest industry agreement in British Columbia, those extra stumpage charges have been dedicated to forest renewal, restoration of stream beds and replanting, new research in forest sensitive forest practices, retraining of forest workers into different jobs, and more sustainable practices. They are also dedicated toward value added manufacturing which is to be the lifeblood of the future of diversified economies in resource dependent communities. The forest industry resource based communities have all done their part in British Columbia to make sure that we continue to enjoy economic strength from this vitally important industry.

Social stability in communities, in British Columbia and Canada as a whole is based on economic strength not only in resource based communities but for the general public. The issues of health

### *Supply*

care, education, social structure and infrastructure are dependent on a strong economy. The resource based economies, the forest industry above all, is the lifeblood of that economic strength in many parts of Canada, particularly British Columbia.

Let me turn to the environmental balance which is so critically important and which underlies the strength of the argument that we do not have subsidies, certainly in British Columbia or anywhere else in Canada.

Over the entire last century we have taken on the responsibility of the idea of sustainable yield logging. However, in the last 20 years, the meaning of what that total yield should be has changed as we have gone to integrated resource management. We look to all interests of society in the integrity of the environment and to non-forest product uses for our forests. This is reflected in the cost of doing business.

Forest companies in British Columbia and across Canada are required to go through detailed planning processes that usually involve multiparty planning processes which adds considerably to their costs but to the balance to be brought to those multiple uses of the forests. They must observe very high logging standards in terms of road building, stream side protection and reforestation.

We do not deforest in Canada. We replant all our forests. Those forests are not all the forests. We protect other values like old growth values and parks. We have doubled the amount of parks from 6% to 12% in British Columbia over the last eight years. This is one of the costs that goes into our logging practices which eliminates any argument of subsidy.

We have heard comments and concerns, properly placed, that logging practices and subsidies to industry not destroy our environment. The worry from the NDP is that perhaps free trade of the Americas, if not NAFTA, may contribute to the destruction of our forest ecosystems. That need not be so and I do not believe it is so in British Columbia or across the country.

What we have in NAFTA is an environmental parallel agreement for environmental co-operation which allows non-governmental organizations to challenge governments, in much the same way the hon. member for Burnaby—Douglas spoke of in international corporations challenging governments under chapter 11 of NAFTA. That is available under the commission for environmental co-operation at the NAFTA environmental commission.

• (1340)

When we look to Quebec City and free trade of the Americas, environment and labour conditions will be parallel agreements to any agreement that Canada signs. In addition to those that are included in NAFTA, there will be agreements on human rights, democratic development and education. Free trade of the Americas as negotiated in Quebec City will build on the experience of

*Supply*

NAFTA, the importance of environmental integrity and the effective enforcement of environmental standards which Canada is bound by and which underline the non-subsidy in terms of our forest practices.

We have a healthy industry in the country. We are economically and socially dependent upon it and it must continue. I am very pleased to support the resolution for a Canadian unified position behind its forest industry with all the integrity it practises to accomplish fair trade access to American markets.

**Mr. Philip Mayfield (Cariboo—Chilcotin, Canadian Alliance):** Mr. Speaker, I thank the member for Vancouver Quadra for his comments and for his knowledgeable participation.

A number of people have a lot to say about British Columbia and about the rest of our country, particularly in other forums. For example, I recently received a copy of a letter from the German Tourism Bureau expressing concern about the use of our land mass. It does not think it should send tourists to Canada or to British Columbia because of it.

I am also aware that there are stories about a mythical land of the Great Bear Rain Forest. A bear with a gene mutation that is white rather than brown or black has spiritual qualities and is called the spirit bear.

What effort is the Government of Canada making to influence our position in this trade difficulty with American consumers? We have a toehold there. We have heard that retail marketers do not want to have duties imposed. They want to have free trade. We understand those consumers would like to have free trade because houses are \$1,000 or \$1,300 more with the duties applied.

What is the Government of Canada doing to promote our position and put down the falsehoods, the untruths and even the lies that are being told about how we produce lumber and look after our crown lands?

**Mr. Stephen Owen:** Mr. Speaker, I thank my hon. colleague for his question. The Minister for International Trade gave quite an account of the list of initiatives over the last number of years that the Government of Canada has taken to build a coalition of support in Washington to advance the argument the hon. member is mentioning.

The issue of the consumer interest of the United States public in avoiding what in effect is a tax on house building of over \$1,000 U.S. per household is something that should and is being brought forward and a coalition built around it. The Government of Canada has been working hard over the last two years to build a coalition within Canada to work with forest product companies and their legal advisers to prepare and advance the argument as effectively as possible.

Over the last 20 years the Government of Canada has demonstrated its zeal in promoting a unified Canadian interest in the

softwood trade by aggressively arguing against countervails in the past and winning those arguments before international trade tribunals. The government has expressed its strong intention to continue aggressively on that course.

My hon. colleague made an interesting comment regarding the Great Bear Rain Forest. I think of it as the central and mid-coast of British Columbia and outstanding old growth forests. When we look at free trade in softwood products we must think of marketplace democracy as well, which not only works in favour of forest companies but in favour of the environment.

● (1345)

We need to have a willing seller and a willing buyer for free trade in order to underline the importance of it. Marketplace democracy has played a large part in the largest forest companies in British Columbia. Sitting down with the largest environmental groups and working out a joint solution to logging practice on the west coast will be demonstrably at the forefront of those practices in the world. That is just a further expression of the extent to which Canadian producers and other aspects of our society have come together in the interest of Canada.

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Mr. Speaker, I thank you and the minister for allowing us to have an extended question period on this topic. That was a noble gesture by both yourself and the minister.

The question I have for my colleague from Vancouver Quadra has to do with the linkage of free trade and the softwood lumber agreement with other sectors of trade. That spectre was raised by the Prime Minister, but there were some contradictory comments made by other ministers of the crown. Would the member agree with the notion that was raised by the Prime Minister that perhaps we should link the free trade agreement with other sectors, such as energy, or should we not go down that route? What would his opinion be on that?

**Mr. Stephen Owen:** Mr. Speaker, the issue of linkages is an important one and, of course, our trade relationship with the United States, quite apart from anything that might be negotiated under the free trade agreement of the Americas, exists under NAFTA and our joint membership in the WTO.

Our relationship with the United States under NAFTA includes being parties to the North American agreement on environmental co-operation and labour co-operation. We already that linkage that would bear on our free trade arguments with respect to softwood lumber under NAFTA.

As we look beyond that to the other 32 countries of the hemisphere, and the Prime Minister spoke to this, it is important

for us to understand that while there are great benefits to be had by society in all countries through freer trade and the development and increased wealth that comes from it, those will not actually be achieved unless there is some requisite level of human dignity and human rights in those countries, unless they have some sort of democratic support for the policies of those countries, and unless they have some sort of level of labour standards and environmental integrity.

Our interest is not just in free trade, although that is an essential part of democracy and liberalism, but it is also a precondition to the necessary stability in the rules of law and the rules based system that will allow us to trade with other countries in a successful way.

[*Translation*]

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, just like me, you sense the determination that characterizes the Bloc Québécois and its members when the time comes to discuss an issue that is at the core of Quebec's economic vitality, since it concerns our natural resources.

I clearly remember that when the current Quebec premier was the Minister for International Trade he said in his policy statement that Quebec was a trading nation. When that statement was made, 40% of Quebec's production was exported. This percentage has since increased, because that was some years ago.

We cannot debate the motion before us without paying tribute to the hon. member for Joliette, who proposed it and made us aware of the importance of not renewing the Canada-U.S. trade agreement on lumber.

I thank the member for Joliette for showing tenacity, for displaying extreme perseverance, and particularly for being a good teacher. This issue could be debated strictly in boring economical terms, but it is one of the great strengths of the member for Joliette to always succeed in showing both the economic and human dimensions of the issues for which he is responsible.

• (1350)

I thank him and I hope that all the political parties in the House will support his motion, which is not a partisan initiative.

Regardless of which side members may sit in the House, they can support this motion. Why? This motion says three things: there is a natural resource; there is an economic resource to be exported; and there are producers who have complied with the rules of the game. This is what we must discuss.

Even though they followed the rules, producers were prejudiced by the imposition of a countervailing duty that should not have been imposed. Let us start by establishing the importance of the lumber sector in Quebec's economy.

### *Supply*

Once again, before getting to the heart of the matter, I hope that we can count on all the political parties represented in the House to support the motion.

I must say as well and without any partisan overtones that we have a few grievances against the Minister for International Trade. Despite his support for the motion—he is redeeming himself but barely—we must include in the equation when we discuss these issues the fact that the Government of Canada has shown itself to be a miserable defender of Quebec's interests in the matter of lumber.

Had it not been for the vigilance of the member for Joliette and his colleagues, we might think that the government would be tempted to renew an agreement that was once again prejudicial to Quebec lumber producers.

Members can rest assured that things will not happen that way because the Bloc Québécois is here and we want to pass on the baton to all those wanting to work with us in defending the interests of Quebec.

Since I have the full attention of the Chair, I want to tell the Speaker that Quebec is the second largest provincial producer of lumber in Canada, with 25.5% of production. It is therefore easy to understand the importance of the Bloc Québécois motion in keeping with the mandate to provide a strong defence of the interests of Quebec, a mandate we received in a resounding majority in the latest election.

Quebec is the second largest producer of softwood lumber, with approximately seven billion cubic metres a year. I think that the importance of this sector for Quebec is well understood.

It is not just a matter of production. There is also the matter of keeping jobs. That is why the member for Joliette was so eloquent and appealed to us as parliamentarians to vote in favour of this motion. If this agreement is not renewed and Quebec's softwood lumber producers are allowed to return to a full free trade position, over 30,000 jobs in the softwood lumber industry will be on the line. That figure was for 1999, so it is extremely current.

Still bearing in mind the member for Joliette's wish to present the latest statistics, I remind the House that 20,430 people were employed in the sawmill industry and 10,000 in forestry.

As far as Canada is concerned, the relationship between the economic forces of Quebec and those of the other provinces is very clear. That is why I was pleased earlier to see members from Alberta, British Columbia and the maritimes rising to speak and express their support for the Bloc Québécois proposal. This bodes well for all the virtual and potential possibilities of a partnership between a sovereign Quebec and eventually the rest of Canada.

*S. O. 31*

I would not want the member for Joliette to think that I was going to forget a piece of information as key to our understanding of this debate but the lumber industry contributes more than \$4 billion annually to Quebec's economy.

Over 250 municipalities are developing, growing and taking shape around the wood processing industry. This industry provides 100% of the manufacturing jobs in 135 towns and villages.

I could go on and on with examples of the importance of this sector, but I think that all members of the House have understood that this is an important battle.

What happened?

• (1355)

From the early 1980s to 1996, and I do not think this is too strong a term, a trade war, economic guerrilla warfare, was being waged between Canada and the United States around softwood lumber. I understand that Canada, which includes Quebec since we are not yet able to have our own policies on this, has been accused of unfair competition and preferential policies in this industry.

The Americans are, we must admit, barking up the wrong tree. It is my understanding they were under the impression that we could not even provide fair competition. Quebec producers, I would remind hon. members, were forced to assume a countervailing duty of 6.51% although they had proven that they were not being subsidized.

I trust that all hon. members will understand that this 6.51% duty had to be added to the existing production costs. We can imagine what this means for price setting by the producers concerned. When we look at the issue in a little more detail we see that the actual rate of subsidy to Quebec exporters was a teeny tiny, insignificant 0.01%, a Lilliputian amount that is a far cry from 6.51%.

This is why the Bloc Quebecois has been so vigilant in this matter. We cannot accept that in 2001, 2002 and 2003—I think that the agreement expires in March—these countervailing duties will be maintained.

The government of Quebec, which is very activist, asked the federal government, which has a minister responsible for international trade, that the countervailing duty for Quebec exporters be reduced to 0.01%, as I just mentioned.

However the inescapable, sad and totally unacceptable fact is that the federal government was unable to protect Quebec's interests and that lumber producers were not charged what they should have been, that is at a rate of 0.01%.

In Quebec 92% of the forest is publicly owned. This shows how true it is that Quebec is a land of natural resources.

However, a demonstration was made by us—and the hon. member for Joliette will correct me if I am wrong—and even by the U.S. department of commerce. This made us realize that the market price for lumber from private woodlots had nothing to do with any unfair practices but was truly closely related to what could be anticipated, given the natural market forces.

I see that my time is running out, but I remind hon. members that we are seeking unanimous support of the House on this issue, which is not a partisan issue.

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## STATEMENTS BY MEMBERS

[English]

### THE OLYMPICS

**Mr. Bryon Wilfert (Oak Ridges, Lib.):** Mr. Speaker, Sunday evening I attended a gala in honour of visiting members of the International Olympic Committee's evaluation commission for the 2008 Olympic and paralympic games.

It was an outstanding evening. I congratulate the key volunteers of Toronto's bid for the 2008 games. The IOC evaluation commission was impressed by Toronto's bid work, the support of three levels of government, including the strong support of the Prime Minister, his cabinet colleagues and members of the GTA federal caucus.

The games will leave a lasting legacy for the citizens of Toronto including new and expanded sports facilities and an improved transportation infrastructure. Residents of my own community of Richmond Hill will enjoy watching the preliminary baseball competition at Richmond Green. A \$10 million expansion is planned for Richmond Green that will leave a lasting legacy for athletes and residents of my riding.

I offer congratulations to the TO bid on a job well done.

\* \* \*

• (1400)

### NURSING

**Mr. Rob Merrifield (Yellowhead, Canadian Alliance):** Mr. Speaker, we must make Canada the first choice of our graduating nurses. Canada has become a subsidized training ground for U.S. hospitals.

Recently the *Globe & Mail* featured a series of articles on the brain drain of thousands of nurses headed for greener pastures south of the border. An estimated 20,000 Canadian nurses are working in the United States today. At least 10% of our graduating

nurses and hundreds of experienced nurses have headed south annually. The crisis will only get worse.

Estimates show that Canada will be facing a shortfall of 113,000 nurses within a decade. Stressful working conditions, rising tuition and the brain drain are all contributing to the growing nursing shortfall.

With this critical shortage, it is small wonder that Canadians lack the confidence in the future of our health care system.

The lack of foresight by the government has caused this crisis. The government must acknowledge the crisis, take some immediate steps to prevent dangerous future shortages and implement a long term plan to keep Canadian health care professionals at home.

\* \* \*

#### JUNO AWARDS

**Ms. Beth Phinney (Hamilton Mountain, Lib.):** Mr. Speaker, last Sunday the 30th anniversary Juno Awards were presented in Hamilton, Ontario. These awards recognize excellence in all aspects of Canadian music.

This year's event gave all Canadians an opportunity to celebrate the successes of our diverse musical community.

I would especially like to draw attention to the organizers and volunteers who made this year's event run so smoothly. The city of Hamilton demonstrated yet again its warm hospitality and continuing interest in promoting our world class music industry.

I know all members will join me in congratulating all the winners on their achievements as well as all those who worked hard to make the event such a success.

\* \* \*

[Translation]

#### JEAN BESRÉ

**Mr. Denis Paradis (Brome—Missisquoi, Lib.):** Mr. Speaker, it is with dismay that we have just learned of the tragic death in Cowansville yesterday evening of the talented theatre and television performer, Jean Besré. He was 64.

For 40 years, Jean Besré was part of our cultural life, playing numerous roles both in theatre and in television. Many will remember *Tour de terre*, a Radio-Canada broadcast for young people which he hosted on Saturday mornings in the 1960s.

Jean Besré played many engaging characters. There was Joseph Arthur, in the series *Le Temps d'une paix*, Rémi Duval in *Jamais deux sans toi*, and his final role, the grandfather in *Le monde de Charlotte*.

An artist with an exceptionally strong dramatic range, Jean Besré seemed to leap right off the screen and into our living rooms, touching our hearts. He was involved in his community and, with Juliette Huot, sponsored the Little Brothers of the Poor.

*S. O. 31*

The entire artistic community today mourns the passing of one of the greats, Jean Besré, who lived in Brome—Missisquoi.

On behalf of the Canadian government, I pay tribute to his work, and offer my deepest condolences to his friends and family.

\* \* \*

[English]

#### HEALTH CARE

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, through the health transition fund, Health Canada is supporting over 140 innovative projects across the country, each trying new ways to make improvements to our health system.

Announced in 1997, this fund now has projects in place that are making a difference. They are also sharing the lessons they have learned with others across the country.

[Translation]

For example, the health transition fund gave a grant of \$677,000 to the SMART project in Hamilton. Many older Canadians are taking a number of different drugs, and the management of their drug regimens is complex.

This project has successfully established links between pharmacists and family physicians with a view to improving seniors' drug regimens.

Pharmacists have noticed improvements in the drug regimens of many seniors, and physicians have been receptive to the advice of pharmacists.

\* \* \*

[English]

#### VIOLENCE

**Mr. Art Hanger (Calgary Northeast, Canadian Alliance):** Mr. Speaker, I rise in the House today to support a campaign waged by a concerned Calgary woman, Carrie Kohan.

I intend to make her campaign the subject of a private member's bill entitled Carrie's Guardian Angel Law. The goal of the bill would be to finally get tough, really tough, with sexual predators who commit the most egregious and heinous of assaults against children.

It is time we put violent sexual offenders away for 20 years to life, with no chance for parole. The only sure way to deal with these incurable molesters is to lock them up. When a sexual assault involves the betrayal of trust between victim and predator, this too should be severely punished.

When sexual predators are arrested, let us be assured that they have plenty of time behind bars to consider the enormity of their crime and the lasting psychiatric damage inflicted upon their victims.

*S. O. 31*

● (1405)

I stand with millions of Canadians and say that we in this House can do something to stop the pain. We can support Carrie's Guardian Angel Law.

\* \* \*

[Translation]

**MUSLIM COMMUNITY**

**Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.):** Mr. Speaker, I have the honour to invite all of the members of this House to celebrate the great Eid ul-Adha ceremony of the Muslim community this evening.

[English]

This festival is held each year to coincide with the annual pilgrimage to Mecca, a major tenet of Islam and a journey all Muslims must hope to make at least once in their lives.

I am pleased once again to invite members of this House and the other place to attend the sixth annual Eid ul-Adha ceremony here on Parliament Hill. The event will begin this evening in room 200, West Block, starting at 6 p.m. I hope that members will be able to join in this celebration and recognize as well the important contribution the Muslim community makes within Canadian society.

Mr. Speaker, I take this opportunity to wish you a very happy and prosperous new year.

\* \* \*

[Translation]

**HUMAN CLONING**

**Ms. Pauline Picard (Drummond, BQ):** Mr. Speaker, on Friday, Radio-Canada announced that the leader of an international team of experts on fertility had just announced in Rome that his group would produce the first human clone.

These researchers are apparently in a secret location for security reasons. The firm has unlimited financial resources and an impressive bank of volunteers.

The current legal void in Canada with respect to genetic engineering could attract to Canada megalomaniacs with financial interests, expelled from other western countries under restrictive legislation, because human cloning is prohibited in almost every country of Europe, with the exception of Great Britain.

Has the Government of Canada decided to let itself be dragged along by foreign legislation or will it find the courage to take a stand in a debate that calls into question the very nature of the human being?

[English]

**MEMBER FOR SASKATOON—HUMBOLDT**

**Mr. Eugène Bellemare (Ottawa—Orléans, Lib.):** Mr. Speaker, the Canadian Alliance member for Saskatoon—Humboldt, who suffers from francophobia, introduced a deplorable private member's bill on February 28 to destroy the Official Languages Act and our Canadian unity.

According to his comments, he feels that money is being wasted supporting language minorities. He would crush any hope for French Canadians to be equal partners of Canadian society. He would even want to prevent the capital of this country from officially providing services in French.

Do the Leader of the Opposition and his Canadian Alliance Party agree with this attitude of intolerance and—

**The Speaker:** I am reluctant to interrupt the hon. member, but I think he knows that Standing Order 31 statements cannot be used for attacks on other members of the House, and I am afraid that is what this is.

\* \* \*

[Translation]

**JEAN BESRÉ**

**Mr. Scott Reid (Lanark—Carleton, Canadian Alliance):** Mr. Speaker, last evening we were saddened to learn of the death of the famous Quebec actor, Jean Besré.

A well-known figure in live theatre and television, he left an indelible mark on Quebecers' imaginations, particularly through his roles as Rémi Duval in *Jamais deux sans toi* and Joseph Arthur in *Le temps d'une paix*.

An entire generation of Quebecers adopted his untranslatable trademark expletive "hostin d'beu" as their own.

Francophones everywhere in Canada are today mourning the passing of a great and hardworking artist, a humanitarian concerned for the most disadvantaged.

The great contribution of Jean Besré will go down in the annals of Quebec television and theatre for all time.

\* \* \*

[English]

**BILL C-286**

**Mr. Mauril Bélanger (Ottawa—Vanier, Lib.):** Mr. Speaker, I too rise today to speak on the matter of Bill C-286, introduced last February 28 by the member for Saskatoon—Humboldt.

*S. O. 31*

This bill would redefine the criteria for the provision of government services in English and French so radically as to essentially eliminate the rights of most linguistic minorities in this country.

It is my fervent wish that the member's name will be drawn in the next private members' business lottery and that when it is that he will select Bill C-286 for inclusion on the list of priority items.

It is also my fervent wish that the subcommittee on private members' business would declare Bill C-286 a votable item. When that happens, it is my belief that the retrograde vision of our country contained in Bill C-286 will be overwhelmingly rejected in this House by the representatives of the people of Canada.

\* \* \*

• (1410)

**AGRICULTURE**

**Mr. Dick Proctor (Palliser, NDP):** Mr. Speaker, yesterday's farm rallies have ended but the plight of farm families endures.

The hurt really began after 1993 when the government took a sledgehammer to agriculture. Hiding behind the World Trade Organization and with a compliant reform opposition that hates words like support and subsidy, the government socked it to Canadian agriculture by killing off transportation subsidies, like the Crow benefit, and by jacking up user fees.

Despite recent announcements, federal support for agriculture is nowhere near what it was when this government assumed office. Net farm income in Saskatchewan averaged just \$5,000 last year and this year looks worse.

All MPs, but especially government backbenchers, are realizing that the inability to help our farmers in a meaningful way resides ultimately with the Prime Minister.

The message from the farm to the Prime Minister is this. He should stop governing by polls or by whether the official opposition or the media cares about agriculture. He should do the right thing and put sufficient resources into agriculture to ensure that our farmers will once again be on a level playing field with their major competitors.

\* \* \*

[Translation]

**JEAN BESRÉ**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, through the roles that made him so well known to Quebec television audiences, Jean Besré became part of the lives of countless Quebecers, a member of their families.

His celebrated characters Rémi Duval and Joseph-Arthur won over our hearts completely. He was known for his contagious

laughter, his likeable personality and his helpful nature, and his performances were unique.

A sovereigntist, he never backed down from his convictions and his backing of a cause in which he truly believed. I will always be grateful for his support. With his passing, Quebec has lost a man of great generosity. His social commitment, particularly with the Little Brothers of the Poor, was but one example of his loving kindness, and all Quebec perceived him as a man who was sensitive and truly human.

I would like to express the most sincere condolences of myself and all members of the Bloc Québécois to the family and friends of Jean Besré. His passing is a great loss to Quebec and to its arts and culture in particular.

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**OFFICIAL LANGUAGES**

**Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.):** Mr. Speaker, today I cannot help but condemn the lack of judgment shown by the Canadian Alliance member when he introduced his bill on official languages. This bill is simply unacceptable.

The hon. member claims that the Liberals are protecting bilingualism only to appease nationalists. Quebecers may be Canada's francophone majority, but one does not have to be a rocket scientist to know that they are not the only ones for whom it is important to preserve the status of French as an official language. There are many francophones in various Canadian provinces and they have rights.

The support given by the Liberals to francophones is not a waste of money. On the contrary, it is an asset and we have a duty to make it grow.

It is time Canadian Alliance members open their ears and shed this most intolerant attitude toward Canada's francophones.

\* \* \*

[English]

**SOFTWOOD LUMBER**

**Mr. Gerald Keddy (South Shore, PC):** Mr. Speaker, six out of ten Canadian provinces currently have free trade with the U.S. in softwood lumber. The federal government must ensure that these provinces are not included in future agreements that would restrict free trade as it currently exists. Instead, we need free trade for the other four provinces, Quebec, Ontario, Alberta and British Columbia.

There are currently 145 sawmills operating in the maritime region and only five of these sawmills are publicly owned. As well, 22% of Canada's private woodlots are in Atlantic Canada,

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with 72% of Nova Scotia's woodlots under private ownership. This mirrors the American position where 75% of forest land is privately owned, and is one of the reasons why the Atlantic region was not subject to the softwood lumber agreement.

It was in 1842 that the Webster-Ashburton treaty provided reciprocity in forest products between Maine and Atlantic Canada. We need to see free trade continue for the six provinces that currently have free trade in softwood lumber. What Canada does not need is countervail or anti-dumping restrictions against any Canadian softwood.

\* \* \*

#### WILLIAM NEEDLES

**Mr. John Richardson (Perth—Middlesex, Lib.):** Mr. Speaker, it is my pleasure to congratulate Mr. William Needles of Stratford, Ontario for being named to the Order of Canada.

Mr. Needles is a veteran actor and was a member of the first acting company of Stratford in 1953. He has appeared in more than 100 productions and in 41 festival seasons.

• (1415)

Mr. Needles came to Canada at the age of six. During the second world war he was involved in the army of occupation in Japan in 1945. He has also worked in radio and television in Toronto.

A father of four and a grandfather of fourteen, Mr. Needles will be performing in one role this season, that of Just Silence in Falstaff. Last year Mr. Needles played Merriman in *The Importance of Being Earnest* and The Tutor in *Medea*.

In addition, Mr. Needles taught in the drama department of the University of California, Irvine campus. Congratulations to Bill Needles.

\* \* \*

#### HAYLEY WICKENHEISER

**Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance):** Mr. Speaker, today I would like to recognize a unique young lady. She is a worldclass athlete, an Olympic participant in both hockey and softball, and someone who believes in her community.

Hayley Wickenheiser was born and raised in Shaunavon, Saskatchewan. She began her hockey career in the Shaunavon minor sports system and has gone on to be a leader in Canadian women's hockey. She has had tremendous success in international hockey and has won an Olympic medal in that sport.

Through all of her success, she has not lost her belief that young people are the key to the future and she is committed to them. Her commitment to young people and her community is shown by her willingness to return this weekend to her home town of Shaunavon, Saskatchewan. The Shaunavon Project 2002 Committee, a fun-

draiser for a new community complex, is hosting the Hayley Wickenheiser homecoming weekend.

I would like to recognize Hayley Wickenheiser and the project 2002 committee for their commitment to kids, to hockey and to their community. Today I ask the House to pay tribute to this outstanding young Canadian.

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## ORAL QUESTION PERIOD

[English]

### ETHICS COUNSELLOR

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, the Prime Minister would like to pretend that the Shawinigate mess is over, but the ethics counsellor has now launched a new investigation of the corporate records of the Grand-Mère golf club, which may finally reveal whether the Prime Minister remained a shareholder in the company after 1996.

Why will the Prime Minister simply not tell the House whether he was the direct or beneficial owner of an interest in the Grand-Mère golf club at any time after 1996? Simply tell us.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have here what the ethics counsellor wrote to the hon. member on January 29, 2001. He said that with respect to the golf course "the Prime Minister sold his interest on November 1, 1993".

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, he neglected to quote the most recent letter. The Director of Corporations at Industry Canada has said that he will finally examine the corporate records of the Grand-Mère golf club. I have asked him, through the ethics counsellor, to do this and to release the names of the four shareholders from 1996 to 1999. The names of three of the shareholders are already listed in public documents. Only the identity of the fourth shareholder still remains a mystery.

Who is the secret fourth shareholder? Is it Jonas Prince or is it the Prime Minister himself?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I sold my shares in November 1993.

[Translation]

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, just when the Prime Minister thought he was out of the woods regarding the Auberge, he finds himself in the middle of the adjacent golf course.

*Oral Questions*

For two years we have been asking the Prime Minister to table documents, but he consistently refused to do so.

In light of this new investigation, will the Prime Minister finally table all the documents relating to the Grand-Mère golf course, in 1993, and any other document—

**The Speaker:** The right hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, like all cabinet members, I put my assets in the hands of the person responsible for the trust fund.

The ethics councillor said that I properly filled out all the forms and confirmed that the interests which I had in the golf course were sold during the first week of November 1993.

[*English*]

**Miss Deborah Grey (Edmonton North, Canadian Alliance):** Mr. Speaker, those shares might have been sold in 1993, but it is a gift that just keeps on giving. They came back to him again some time later.

• (1420)

I think the ethics counsellor has raised a very important point in response to the letter from the Leader of the Opposition. He said that those corporate records are “an important issue.” You bet that is an important issue, Mr. Speaker. Canadians need to know just exactly who is in charge there and who owned these shares.

Now it was mentioned earlier that there were four shareholders. Three of them have been identified. Who was that fourth shareholder between 1996 and 1999?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, again innuendoes. They wrote to the ethics counsellor and he looked into that. The ethics counsellor explained everything a year ago at the industry committee. It was made very clear that I sold my share in November 1993.

I am not like the member of parliament who got back her pension after having been elected by claiming she was not the same type of member as we are. After the election, she took back her pension.

**Miss Deborah Grey (Edmonton North, Canadian Alliance):** Mr. Speaker, it is just unbelievable that the ethics—

**Some hon. members:** Oh, oh.

**The Speaker:** Order, please. The hon. member for Edmonton North has the floor. We want to hear her.

**Miss Deborah Grey:** Mr. Speaker, that is nice to know.

The Prime Minister just said that the ethics counsellor looked into that and it was a closed deal. The Minister of Industry has been going on for weeks saying that the file is closed. In fact, that file is open again. The ethics counsellor just said that he is looking into it again.

The Prime Minister could get over this in a heartbeat by just tabling his bill of sale for those shares in 1993. Will he do that?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, because the Alliance Party wrote the ethics counsellor another letter on this matter, he passed the letter on to the Department of Industry which has the records.

If the Leader of the Opposition had been competent, he would have written right away to the Department of Industry. This has nothing to do with the ethics counsellor who has said many times and for a long time that the shares were sold in November 1993.

\* \* \*

[*Translation*]

**IMMIGRATION**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, in the Amodeo affair, the government is trying to convince us that the RCMP lost track of Mr. Amodeo once he was in Canada. We are not buying it. With the modern techniques and considerable means available to the RCMP, it is simply incomprehensible that they lost track of him.

How can the solicitor general explain that the RCMP allowed Mr. Amodeo to circulate freely in Canada for almost two years?

[*English*]

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, what I indicated yesterday was that the RCMP have worked with the Italian police since 1999. They did not positively identify or locate the individual until December of last year. When they did that, he was arrested, put in jail and is now awaiting deportation hearings.

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, the RCMP admitted that it supposedly lost track of him.

We are told that there was a warrant out for him in January 1999. But 25 months, a completely unreasonable length of time in the circumstances, went by before he was arrested.

Given the means available to the RCMP and the fact that we knew where his wife lived, because at the same time she was seeking immigrant status, how can the minister explain that Mr. Amodeo was allowed to roam freely in Canada for 25 months?

*Oral Questions**[English]*

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, what I can indicate, as I have before, is that the RCMP were working with the Italian authorities. There was an investigation under way but the only way that the RCMP can arrest somebody is under a Canadian warrant. They investigated, located and identified the individual in December of 2000. He was arrested, put in jail and is now awaiting deportation hearings.

*[Translation]*

**Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, in January 1999, the wife of Gaetano Amodeo made an application to Immigration Canada in which the name of her husband, a notorious criminal in Italy, appeared as a dependent. That same month, the RCMP was informed that an arrest warrant had been issued for Amodeo by a court in Palermo.

How does the Minister of Citizenship and Immigration explain that, at the time, her department, which has access to the RCMP's central file, failed to connect Amodeo the applicant and Amodeo the criminal, thereby delaying his arrest by several months?

• (1425)

*[English]*

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, as I have stated before, my department receives over 300,000 immigration applications each year. This particular file was transferred from one office to another and Mr. Amadeo's name was removed from the application by a legal order. The criminal checks were not proceeded on him at that time because his name had been removed from the application.

*[Translation]*

**Ms. Madeleine Dalphond-Guiral (Laval Centre, BQ):** Mr. Speaker, in September 1999, the Canadian authorities received a request for the extradition of Gaetano Amodeo, who was being sought for murder in his country. A few months later, the RCMP admitted that it has lost track of the dangerous criminal.

My question is for the solicitor general. Why did the RCMP, which had been aware of the request for extradition since September 1999 and which had lost track of Amodeo at the end of 1999, wait until December 2000 to ask Immigration Canada for help in arresting this criminal?

*[English]*

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, as I have indicated many times in the House, I do not run investigations in the RCMP, but I do get information from the commissioner of the RCMP. He has indicated that the RCMP did not locate and identify this individual until December

2000. When it did, he was arrested, put in jail and is now awaiting deportation.

\* \* \*

**THE ENVIRONMENT**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, now that President Bush has the election behind him, he has come clean that Americans have no intention of honouring their signature on the Kyoto deal. I am sure the Prime Minister has seen the letter.

Leaders from around the world have been swift and scathing in their condemnation but not a word or a whisper from Canada.

Will the Prime Minister register Canada's protest with his new special friend in Washington, or will we remain, once again, international wimps on the sideline?

**Hon. David Anderson (Minister of the Environment, Lib.):** Mr. Speaker, I wonder where the hon. member has been over the last few months, particularly at the time of the meeting in the Hague on climate change where Canada, through the former Minister of Foreign Affairs, Mr. Axworthy, expressed our position and our clear disappointment at the breakdown of those meetings, partly because of the American position but, more important, because of the position taken by the Europeans. I would reiterate that we had a meeting in Ottawa immediately following to see what we could do to proceed with the events but we were unable to get agreement. Now we do indeed have a serious problem with respect to this gap between the Europeans—

**The Speaker:** The hon. member for Halifax.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, we have a really serious problem in that this government will say nothing about the fact that, with President Bush, Kyoto is kaput.

Forget international obligations, forget election commitments and forget the environmental consequences, will the Prime Minister, right here and now, condemn Bush's Kyoto kiss-off and make it absolutely clear that Canada will only sign on to international trade agreements if there are real, enforceable environmental—

**The Speaker:** The hon. Minister of the Environment.

**Hon. David Anderson (Minister of the Environment, Lib.):** Mr. Speaker, the letter sent by the president of the United States to four United States senators made it perfectly clear that while the president would not proceed with his campaign remarks with respect to carbon dioxide, he, nevertheless, in that letter, made it perfectly clear that the United States administration of President Bush takes extremely seriously the problem of climate change and intends to take measures to deal with it.

### ETHICS COUNSELLOR

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, the Prime Minister keeps saying that the auberge file is closed, yet the ethics counsellor has just found another part of that deal that needs investigating.

Jonas Prince says that he returned the Prime Minister's shares. What happened to those shares then? Was the Prime Minister, or the Prime Minister's trustee, or the Prime Minister's lawyer, or any other of the Prime Minister's go-betweens, advised that the ownership of those shares was back in the Prime Minister's control? If those shares were not in the Prime Minister's control, and Mr. Prince had sent them back, who controls those shares?

• (1430)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I replied to the Leader of the Opposition very clearly a minute ago.

**Right Hon. Joe Clark (Calgary Centre, PC):** Mr. Speaker, the simple fact is that is not true. The Prime Minister is running and hiding.

We have an indication from the ethics counsellor that there has been what he calls an important issue. He has asked for an investigation by an official who reports to the Minister of Industry. Nobody would claim the Minister of Industry is impartial on this issue.

Will the Prime Minister finally come clear and appoint an independent inquiry into this question and all the questions of the auberge file, so that there can be some honour—

**The Speaker:** The Right Hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I have replied to these questions many times. They have confidence in the ethics counsellor because they keep writing to him.

It was that person who said there was absolutely no conflict of interest and that the shares were sold in November 1993. I have nothing to add.

**The Speaker:** The hon. member for Wild Rose.

**Some hon. members:** Oh, oh.

**The Speaker:** Order, please. I know the hon. member for Wild Rose can be heard over a lot of noise but I cannot hear and I expect hon. members to show proper deference.

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### IMMIGRATION

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Mr. Speaker, conducting basic police checks on people immigrating to

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Canada should be standard procedure. The failure to do so damages our international image and puts Canadian lives at risk.

I ask the Minister of Citizenship and Immigration at what point in the application for permanent residency is a police check conducted.

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I am pleased to answer the question. It is an important one because criminality and security concerns make someone inadmissible to Canada. Therefore before anyone is granted permanent residence status in Canada both criminal checks and security checks are completed.

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Mr. Speaker, wanted fugitive Gaetano Amodeo's name appeared on two requests for permanent residency. The first application was in June 1999 and the second was in September 2000. At what point in the application did the department of immigration conduct a police check on Mr. Amodeo?

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I answered that question at the start of question period but I will answer it again.

I want to make one thing very clear. Mr. Amodeo is not a permanent resident of Canada. He was not granted permanent residence status in Canada. In fact, he is in jail awaiting a deportation hearing.

As I said earlier, his name was originally removed from the application. On the second sponsorship application the result was that he was not granted permanent resident status.

\* \* \*

[Translation]

### ETHICS COUNSELLOR

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the ethics counsellor is going to look into the ownership and actual control of the Prime Minister's shares in the Auberge Grand-Mère affair. However, we see all this as an attempt to whitewash the Prime Minister.

My question for the Prime Minister is a very simple one, which I believe merits consideration. Does he not understand that the only way to settle this matter, to exonerate himself—the only way, there are not 50 of them, only one—is to provide us with the record of sale, as we have demanded so many times already? Let him provide that, and the problem will be over.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the ethics counsellor has answered this question very clearly before the Standing Committee on Industry. He answered all questions of interest to the hon. members, and I have nothing to add.

**Mr. Michel Gauthier (Roberval, BQ):** The problem, Mr. Speaker, is that this same ethics counsellor whitewashed the Prime

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Minister during the election campaign and we now realize that he did so without checking all the facts. This proves that he was more concerned with hastily whitewashing the Prime Minister than finding the truth.

Does the Prime Minister not realize that, by refusing to make the bill of sale public, he is implying that there is something in it that he does not want known, and that is what is disquieting?

• (1435)

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, all members of parliament who become ministers are required to hand all of their assets over to a trustee to be administered. The trustee reported to the ethics counsellor, who monitors this for everyone in the House. Even MPs consult him. He appeared before committees. He examined the file in detail and has provided a response on several occasions before the committee and in letters, in response to requests by the opposition parties.

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### IMMIGRATION

**Mr. Joe Peschisolido (Richmond, Canadian Alliance):** Mr. Speaker, Gaetano Amodeo and his wife had an appointment with Immigration Canada to discuss their immigrant status. The *Corriere Canadese* has found out that the meeting was not cancelled, contrary to what the Minister of Citizenship and Immigration told us.

In order to be allowed to appeal, a person must provide documents that state two things: the person does not have a criminal record and is not the subject of an investigation.

Could the Minister of Citizenship and Immigration tell us whether her department received such documents?

[English]

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, the member opposite does not want to hear the answer. Mr. Amodeo's application for permanent residence status was never approved. He is not a permanent resident of Canada.

As soon as the RCMP concluded its investigation, it gave the evidence that was required to my immigration officials who picked him up and put him in jail where he is now awaiting a deportation hearing. He is not a permanent resident in Canada. He has no status.

**Mr. Joe Peschisolido (Richmond, Canadian Alliance):** Mr. Speaker, the minister's response is completely irrelevant. The name Amodeo was not originally removed from the application. The meeting did take place. This occurred after the meeting. Could the minister explain how Mr. Amodeo received this meeting in the first place?

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, as I said to the House, an application was received in the Paris office. It was transferred to Buffalo and Mr. Amodeo's name was removed from that application by a legal document. That is what I said. That is the fact.

When his name was subsequently put on an application as a sponsorship, the result was that he was not granted permanent residence status. He is in detention. He is awaiting a deportation hearing. Those are the facts.

\* \* \*

[Translation]

### FOOD INSPECTION

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** Mr. Speaker, in October 2000, two ships transporting genetically modified feed corn arrived in the port of Montreal, from the United States. Under Canadian laws this type of corn is prohibited in Canada. One of the two shipments was intercepted, while the other one was recalled by the Canadian Food Inspection Agency. One of the two shipments is still missing and may even have been used to feed cattle.

Will the minister confirm that one of the shipments of Starlink corn was sold on the market? Can he explain why?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, the hon. member raises an issue that is of concern to us. As he has said, the one shipment has been found and has been taken out. The other one is being traced. We are confident that it will be found. I am also confident that it has not gone into the feeding system.

[Translation]

**Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ):** Mr. Speaker, in e-mails dated March 13, Dr. Louise Laferrière, an official with the Canadian Food Inspection Agency, confirmed that a shipment was sold, delivered and then recalled by the agency.

Can the minister tell us if it is common for the Canadian Food Inspection Agency to let grains be sold and delivered before even having been tested for the Starlink gene?

[English]

**Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, grain, in this case corn, is supposed to be certified free of the StarLink gene before it comes to Canada. In this case the certification was not provided by the shipper.

It shows that the system works. The CFIA found the shipment, recalled it, and the feed did not enter into the feeding system.

• (1440)

## IMMIGRATION

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, I want to be very clear here. Amodeo's name was removed after the meeting with immigration officials. That means that the Amodeos got their appointment for permanent residence status without the required police clearances or someone intervened to waive the requirement. Which one was it?

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, the member is wrong. He is wrong and he is wrong.

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, the minister just stated that what I claimed was wrong. I ask the minister to table the documents that outline the procedures that the Amodeos took and make available all the documentation surrounding this matter to make it perfectly clear that there was no intervention by the department at any point to waive the police clearance requirements for the Amodeos.

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I will make an unequivocal statement in the House. No one receives permanent residence status in Canada without having a complete security check and a criminality check. Anyone with a criminal record or anyone who poses a security threat to Canada is inadmissible and they are not granted permanent residence status in Canada. That is the law.

\* \* \*

## AGRICULTURE

**Mr. Joe McGuire (Egmont, Lib.):** Mr. Speaker, the discovery of potato wart in a small corner of one field in Prince Edward Island has crippled the island's number one industry. The government has announced assistance for island's producers. However hundreds of their crews, most of whom have not worked all winter, are still waiting for some recognition of their plight.

Could the Minister of Human Resources Development tell the House whether any assistance will be forthcoming, and when will the workers know of her decision?

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Mr. Speaker, I recognize the hon. member for Egmont and his Liberal colleagues in the province of Prince Edward Island for the diligence they have shown on this file.

In fact there are over 500 employees in the sector who have been negatively impacted as a result of the cross-border ban. My

## Oral Questions

department is working with the province and with local stakeholders to determine which action will best assist these employees. I hope to announce the results and a good action plan in the near future.

\* \* \*

## THE ECONOMY

**Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP):** Mr. Speaker, my question is for the Prime Minister. Yesterday the Dow fell below 10,000 points. The Canadian dollar is now one cent away from an historic low in the country. There are now 63,000 fewer jobs in agriculture than one year ago. The U.S. and Japanese economies are both in serious trouble. Yet there has been no federal budget in the country for the last 13 months.

Will the government finally bring in a budget this spring to deal with all these serious problems, or does the government intend to continue fiddling until February 2002, a full two years since the last budget?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the government had the wisdom to have a budget in October in anticipation of the difficulties faced by everybody. We managed to reduce taxes on January 1 through the biggest tax cuts in the history of Canada. The timing could not have been better.

We read in the press that they are trying to cut taxes in the United States. In Canada we did that on January 1, 2001.

\* \* \*

## TRANSPORTATION

**Mrs. Bev Desjarlais (Churchill, NDP):** Mr. Speaker, the Transportation Safety Board of Canada spent two years investigating the Swissair disaster and made five recommendations to make jetliners safer.

Today it was reported that the Liberal government will not follow a single one of them. It says it will only do it if other countries do the same. If safety was the number one priority of the government, it would follow the safety board's recommendations regardless of what other countries do.

Whatever happened to Canada setting an example for the rest of the world? Our own safety board has made these recommendations. Why will the minister not set an example for the world and implement them?

**Mr. Brent St. Denis (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, it is very important that Canada co-operates with all nations to make sure international air travel is safe for everyone. It is important that Canada co-operate on every level.

I am sure the recommendations of the safety board will have a very serious review, notwithstanding the member's comments.

*Oral Questions*

● (1445)

**NATIONAL DEFENCE**

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, three federal court of appeal judges confirmed in a ruling last week that there is evidence of politics having played a role in the process to replace the Sea King helicopters.

These findings were specifically directed at the Department of National Defence and are unacceptable. How could the Minister of National Defence possibly justify these findings?

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, I do not know what court the hon. member was in, but the court decision in fact dismissed the application.

We are proceeding with a fair, open competition for those 28 helicopters. We want to ensure we get the best helicopter that meets the needs of our military.

They wrote the statement of requirements. The statement of requirements is what we are proceeding with, as they wrote it. We want to get them at the best possible price, and that is the way we are proceeding on this procurement.

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, the federal court quoted military correspondence which stated:

Even though the Cormorant EH-101 is politically unacceptable, (political suicide as you said) how do you ensure that it does not win a MH competition?

The court called this patent politicization within the Department of National Defence. It was the three judges who said it. The court said it. Will the minister ask the judge advocate general to begin an immediate investigation into this matter?

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, that is simply not true. She seems to want to be selective in what part of the judgment she reads. I have read the judgment. The judgment clearly says a case has not been made and the court dismissed the case.

We are proceeding to do this in the right and proper fashion to get the best helicopters to meet the needs of our Canadian forces.

\* \* \*

**ETHICS COUNSELLOR**

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, I very clearly asked the Prime Minister, relating to the public record which shows the names of three of the four shareholders of the Grand-Mère Golf Club, if he would tell us

if that fourth mystery shareholder was Mr. Jonas Prince or was in fact the Prime Minister himself.

He did not answer which one so I will simply ask this question. Does the Prime Minister know who the fourth mystery shareholder is?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I sold my shares to Mr. Prince in November 1993. The ethics counsellor testified very clearly in front of the committee. He looked at all the documents and he said that I had absolutely no ownership of the shares after I was sworn in as Prime Minister.

**Mr. Stockwell Day (Leader of the opposition, Canadian Alliance):** Mr. Speaker, he sold those shares but he admits after about of year of pressure on the question that he got the shares back in 1996. He keeps avoiding that.

Why will he not tell us if he knows who is the fourth mystery shareholder and what is the accepted process after shares have been told to be sold but he winds up getting them back?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I would like the Leader of the Opposition to look at the testimony of the ethics counsellor in front of the committee. He explained that from A to Z very clearly.

\* \* \*

[Translation]

**NATIONAL DEFENCE**

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, my question is for the Prime Minister.

Last week, we learned that senior Chinese military had trained with the Canadian army in order to perfect their techniques for fighting in extreme weather conditions.

How can the Prime Minister, this supposed—and I mean supposed—defender of human rights in China agree to collaborate with the Chinese army, an instrument of repression par excellence in China?

[English]

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, the Chinese army is not training with the Canadian army. We are engaging, however, in dialogue because China is an important part of security and defence issues in the Pacific.

As we do in many other areas as well, including trade, we engage in constructive dialogue with the Chinese. We want them to know about our values and our areas of concern. This gives us an opportunity to show them how a military works and works well in a civilian controlled context.

[Translation]

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, I will go further.

We have now learned that the army's chief of staff, General Baril, will be going to China for a four-day visit. The Prime Minister often claims that he must use economic exchanges to advance the cause of human rights.

• (1450)

Is the Prime Minister now going to tell us that he is going to use military collaboration with the Chinese army to advance human rights in China? I find this a bit much.

[English]

**Hon. Art Eggleton (Minister of National Defence, Lib.):** Mr. Speaker, there are Canadian values and there is an opportunity to promote values and views about how a military operation occurs in a democracy. This is a good opportunity for General Baril to be able to impart those values and those views.

China is a very important player in terms of the security of the Pacific. That is why we have engaged in this constructive dialogue.

\* \* \*

## TAXATION

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, when Canadians buy gasoline at the pumps the price includes federal and provincial taxes. On top of that, this greedy government charges the infamous goods and services tax. In simple words, consumers pay the GST on other taxes.

How could the Prime Minister, since he is the expert on GST, justify the application of the GST on other taxes? Why will he not remove it?

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, when we looked at this issue earlier it became obvious to us that there was a heavy load of provincial taxes and federal taxes, and that if there were to be any meaningful relief it would have to be carried out by both levels of government. That is why we made the offer to the premiers to do so, and they turned it down.

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, the crude cost of gasoline is 28.9 cents a litre. Federal, provincial and excise taxes are added to it. Then 7% GST is charged on the total. The price of the same gasoline becomes 74 cents per litre. We are talking about a tax on top of taxes.

The Prime Minister at least should not be so greedy as to charge consumers GST on taxes. A tax is neither a good nor a service. Why would he not be fair and not charge the GST?

## Oral Questions

**Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.):** Mr. Speaker, as I have said all along, it is very obvious that if we are to get meaningful relief to consumers at the pumps then we will have to enter into it in a very co-operative way, working with the provinces. That offer was made to the premiers. They did not accept it.

\* \* \*

[Translation]

## ASBESTOS INDUSTRY

**Mr. Gérard Binet (Frontenac—Mégantic, Lib.):** Mr. Speaker, my question is for the Minister for International Trade.

Following the decision of the WTO's appeal body, which ruled in favour of France by saying that the ban on chrysotile asbestos was in compliance with multilateral trade agreements, what will be the short and long term consequences for Canada on international markets?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, we are very disappointed by the final ruling of the World Trade Organization, even though our appeal helped secure important gains in terms of the precedents that will apply to future issues.

We still believe that the safe use of chrysotile asbestos is much more appropriate than its total ban.

The asbestos industry must now work even harder to promote the safe use of chrysotile by other foreign partners, and our government will be by its side to help it do so.

\* \* \*

[English]

## LUMBER INDUSTRY

**Mr. David Chatters (Athabasca, Canadian Alliance):** Mr. Speaker, yesterday in the House the Prime Minister suggested that the government would use President Bush's desire for a continental energy policy as leverage in the softwood lumber agreement negotiations.

Both the trade minister and the natural resources minister have stated previously that the government would not use Canada's energy resources as a bargaining chip. If there is one thing investors hate it is uncertainty.

I have a question for the Prime Minister. Will his government use access to the energy resources as leverage in Canada's softwood lumber agreement?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we only said to the Americans that we were for a free trade agreement with them and to respect the free trade agreement

*Oral Questions*

between the two countries in energy and in softwood lumber. We want to have a free trade agreement that applies to both sectors.

• (1455)

**Mr. David Chatters (Athabasca, Canadian Alliance):** Mr. Speaker, it may have been a problem with my hearing but Peter O'Neil in the Ottawa *Citizen* heard the same as I did, that the Prime Minister suggested there would be a linkage.

Who is speaking for the government? Is it the trade minister? Is it the natural resources minister? Is it the Prime Minister? Will they use Canada's energy resources as a linkage?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Prime Minister speaks for the government and he says exactly the same thing as his ministers.

\* \* \*

[Translation]

**ETHICS COUNSELLOR**

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, the Prime Minister has suggested we look at the evidence given by the ethics counsellor. So I read it, and he said that, in May 1999:

The course the Prime Minister did take was to have negotiations. They are very well advanced, I understand. They have been very well advanced for some time. I keep saying that my understanding is that there will be an imminent closure to this.

How can the Prime Minister say that the ethics counsellor cleared him, when he simply confirmed in May 1999 what he was still negotiating, that is, to have shares paid for after intervening to ensure the continued existence of the Auberge Grand-Mère? These shares were worth more,—

**The Speaker:** The Right Hon. Prime Minister.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the ethics counsellor was clear that the shares had been sold and that payment followed a number of years later. The shares were sold in November, before I became Prime Minister in 1993.

\* \* \*

[English]

**HEALTH**

**Ms. Beth Phinney (Hamilton Mountain, Lib.):** Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Health. Three years after the compensation package for hepatitis C victims was announced there are still victims who have not received compensation.

My office has received complaints regarding the complicated process for compensation. What is the minister doing to ensure that the victims receive their compensation?

[Translation]

**Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.):** Mr. Speaker, I thank our colleague for asking that question, because if there are complaints from people in various ridings, Health Canada is only too happy to hear about them.

The Minister of Health wrote a very vigorous letter to the joint committee, charged by the courts, with the administrator, to compensate victims, on January 30.

The joint committee reassured the minister that it would rectify the situation. If problems continue, we would like to know.

\* \* \*

[English]

**IMMIGRATION**

**Mr. Monte Solberg (Medicine Hat, Canadian Alliance):** Mr. Speaker, Mrs. Amodeo ended up receiving landed immigrant status from the government. To do that she would have needed police clearance.

Could the minister explain how her department could grant landed immigrant status if Mrs. Amodeo also received police records which clearly would have indicated her connection to Mr. Amodeo and organized crime?

**Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I am surprised the member opposite would suggest that a woman who is married to someone is a chattel and therefore carries any criminal record with her.

He should know better in the year 2001 that men and women are able to submit individual applications. In this case Mrs. Amodeo had her husband's name removed from the application. He should know better.

\* \* \*

**HOUSING**

**Ms. Libby Davies (Vancouver East, NDP):** Mr. Speaker, the minister responsible for housing has told the House before that he is prepared to announce a further housing initiative.

Does he plan to sit down with provincial housing ministers who are calling for a meeting with the minister to communicate to him their concerns that there needs to be a significant contribution for affordable housing and not just a subsidy for private rental housing? Will the minister consult with the provincial ministers and with communities before he makes his announcement?

**Hon. Alfonso Gagliano (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I already said in the House that since January, not now when the member is asking the

question, my officials, officials at CMHC, had meetings with provincial officials to consult and work on a program that would help Canadians in need of homes.

● (1500)

That is what we are doing. When the program is ready I will sit down with the ministers and I will be glad to announce it here.

\* \* \*

[Translation]

#### PRESENCE IN GALLERY

**The Speaker:** Order, please. I wish to inform the House of the presence in the gallery of His Beatitude Mar Nasrallah Pierre Cardinal Sfeir, Patriarch of Antioch and all the Orient.

**Some hon. members:** Hear, hear.

[English]

**The Speaker:** I also draw the attention of hon. members to the presence in the gallery of the Hon. Janet Ecker, Minister of Education in the province of Ontario.

**Some hon. members:** Hear, hear.

\* \* \*

#### BUSINESS OF THE HOUSE

**Mr. Chuck Strahl (Fraser Valley, Canadian Alliance):** Mr. Speaker, inquiring minds do want to know. We do have some indication because of a motion passed earlier today that we will perhaps get on to discussing modernizing parliament.

We are looking forward to that, but as for the rest of the business of this week and next, would the government House leader tell the House and the listening nation what we will be dealing with?

**Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, tomorrow we will debate second reading of Bill C-5 respecting species at risk. I also hope that tomorrow we will be able to complete second reading of Bill C-14, the Canada Shipping Act, and to send it to committee.

Monday and Tuesday of next week shall be allotted days, with appropriation bills being considered at the end of the day on Tuesday.

Next Wednesday, pursuant to the motion and the special order passed earlier today, and I thank all hon. members for their co-operation, we will debate a motion to establish a special committee to improve and modernize the Standing Orders of the House of Commons.

#### Points of Order

Perhaps I could also take this opportunity to indicate to all hon. members, pursuant to requests that were made and to commitments made earlier, that it is my intention to seek from the House measures to have a special take note debate on the summit of the Americas to take place on Tuesday, March 27.

● (1505)

I know this is several days ahead, but given the considerable interest of several hon. members I thought I would indicate the intention as it presently stands is to call that order on the evening of March 27 so that all members could make necessary arrangements to participate in the debate should they so wish.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Mr. Speaker, what a shocking disappointment. On the Thursday question, I am just wondering if the government House leader would confirm his undertaking that ministers will be readily available for a full in-depth examination of the estimates in committee.

**Hon. Don Boudria:** Mr. Speaker, the hon. member was going rather quickly with his question. I may have missed part of it. I understood it to be to ensure that ministers would be available at committee for estimates. Certainly all ministers are informed that they are to do so.

If other House leaders have difficulty with that I can certainly assist, as I believe I have in the past, to ensure as much as possible the presence of ministers for the consideration of estimates, providing there is the normal time that is usually acceptable for notification and so on. My co-operation is hereby provided, as I believe it has been in the past not only to this hon. member but indeed to all hon. members.

\* \* \*

[Translation]

#### POINTS OF ORDER

##### STATEMENTS BY MEMBERS

**Mr. Benoît Sauvageau (Repentigny, BQ):** Mr. Speaker, you will surely recall that, on Tuesday March 13, during Statements by Members, I inadvertently or unwittingly pointed out the presence in the gallery of two VIPs from my riding. While I did not at any time ask them to rise, I have since learned that what I did was the exclusive prerogative of the Chair.

I would beg your clemency, Mr. Speaker, for I did so out of ignorance. I also assure you that the members of my party now understand the importance of this prerogative which is yours alone, and will be more careful in future.

*Speaker's Ruling*

**The Speaker:** I would like to assure the hon. member that the Chair is most merciful.

[*English*]

## ORAL QUESTION PERIOD

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, I rise on a point of order. Today in my question for the Minister of National Defence during question period I quoted from the Federal Court of Appeal document.

The minister said I was incorrect. I seek unanimous consent of the House to table the Federal Court of Appeal document by the three judges regarding EH Industries Ltd. and the Minister of Public Works and Government Services of Canada.

**The Speaker:** Does the hon. member have unanimous consent of the House to table these documents?

**Some hon. members:** Agreed.

**Some hon. members:** No.

[*Translation*]

## STANDING ORDERS—SPEAKER'S RULING

**The Speaker:** Order, please. I am ready to rule on the point of order raised on Thursday, March 1, by the hon. member for Richmond—Arthabaska.

The hon. member's concerns stem from the adoption by the House, on February 27, 2001, of a government motion to amend the note to section (5) of Standing Order 76 and the note to section (5) of Standing Order 76.1. As you no doubt know, these sections deal with the Speaker's power to select amendments at the report stage. The hon. member's problem lies in the fact that the notes contain the following phrase:

—in exercising this power of selection, the Speaker shall be guided by the practice followed in the House of Commons of the United Kingdom.

The hon. member argues that, to do his job properly if he has to draft amendments, he must have access to the rules governing the selection of amendments in his own language, French. He indicates that documents from the United Kingdom are available in English only and that, as a result, he cannot do his work effectively, since he cannot understand the nuances and subtleties of the rules.

• (1510)

He asks the Chair to suspend the implementation of the adopted amendments until his rights and those of other francophones are protected and respected.

[*English*]

I wish to thank the government House leader, the whip of the Bloc Québécois, the parliamentary secretary to the government House leader, the leader of the Progressive Conservative Party and the member for Regina—Qu'Appelle for their interventions.

As hon. members know well, the role of the Speaker is to preside over the business of the House of Commons and to rule on procedural matters, whether this involves interpreting standing orders or deciding issues of privilege or decorum.

The discussion on this point of order made various references to specific statutes. The hon. member for Richmond—Arthabaska referred to the Official Languages Act and the Constitution Act, 1867, while the parliamentary secretary to the government House leader referred to the Parliament of Canada Act, noting that act's specific reference in section 4 to the House of Commons of the United Kingdom.

While these references are an interesting backdrop, it must be remembered that it is not the Speaker's role to rule on the application of any act, but rather to examine issues in light of possible transgressions of procedural practice and procedural precedent.

[*Translation*]

The hon. member insists that he will not have access to the rules governing the drafting of amendments because they will be "in English".

I would point out that the House has simply decided to amend the note to section (5) of Standing Order 76 and the note to section (5) of Standing Order 76.1 by making explicit reference to the practice followed in the House of Commons of the United Kingdom.

Moreover, Standing Order 1 states the following:

In all cases not provided for hereinafter, or by other Order of the House, procedural questions shall be decided by the Speaker or Chairman, whose decisions shall be based on the usages, forms, customs and precedents of the House of Commons of Canada and on parliamentary tradition in Canada and other jurisdictions, so far as they may be applicable to the House.

This Standing Order stipulates that if, during proceedings in matters of public interest, a procedural question arises that has not been provided for or mentioned in the Standing Orders or other order of the House, the Speaker of the House must base his or her decision first on the usages, forms, customs and precedents of the House of Commons of Canada; then on parliamentary tradition in Canada; then on that in other jurisdictions, to the extent that it may be applicable to the Canadian House of Commons. This provision does not refer directly to the codified rules or standing orders of other jurisdictions, but primarily to the tradition on which they are based.

*Speaker's Ruling*

Standing Order 1, which has existed since 1867, recognized the origins of our Westminster Parliament and stated that this House would be guided by British precedent. From 1867 to 1986, it stated this explicitly:

In all cases not provided for—, the rules, usages and forms of the House of Commons of the United Kingdom—shall be followed.

In 1986, the House amended Standing Order 1 recognizing that parliamentary practice in Canada had evolved to the point where, in unprovided cases, it might seek guidance from the wider community of parliaments. The members of the Special Committee on the Reform of the House of Commons considered that the practices of the Canadian House of Commons need no longer be tied to those of any other assembly or any other country. However, they recognized that in unprovided cases, there was still great usefulness in examining the precedents and authorities in other legislatures and parliaments, especially those in the Commonwealth.

• (1515)

Thus, on the committee's recommendation, the House adopted the current wording for Standing Order 1 to reaffirm that the House of Commons had the freedom to tailor its procedure to its own needs while preserving Canadian traditions.

I have drawn such a detailed history of Standing Order 1 to show you that the House of Commons of Canada has often turned to the United Kingdom in cases that were not provided for. Of course, the situation has evolved, and now we also consult other jurisdictions to the extent that their rules or practices are applicable to the House. However, the fact remains that if, at the report stage, a situation arises that is not covered by our practices or by the practices of the United Kingdom, I would be required, under Standing Order 1, to consult the practices of other jurisdictions.

In such circumstances, the availability of documents in either of our official languages is not a consideration. Instead, I would respectfully suggest that it is the interpretation of such practice and the Chair's judgement on how such practice will be applied in this House that is the key concern for members.

[English]

The House has a long history of consulting the precedents in other parliaments that have followed the Westminster tradition, and the language of these documents has never seemed to be an obstacle. When we discuss procedural matters during the daily business of the House, we frequently consult the various editions of Erskine May to develop our arguments. The wide range of documents that we consult on parliamentary precedent are not necessarily available in both official languages, but we have been able to work with them.

[Translation]

The House recognizes that members are entitled to receive service in both official languages. Simultaneous interpretation is provided in the House and in committees and members have access to free translation services. One of the roles of the Speaker is to

protect and defend members' rights to work in the official language of their choice.

In that regard, in keeping with what I said earlier about the application of other practice in this Chamber, I am currently studying the application of these notes to Standing Orders 76 and 76.1, and I will return to the House with a statement on how this note will be interpreted. The statement will, of course, be available in both official languages and members can govern themselves accordingly.

Meanwhile I cannot grant the request made by the hon. member for Richmond—Arthabaska to suspend the implementation of the amendments in question. Because the motion was adopted by the House, these amendments are now part of the Standing Orders of the House, and it is my duty to be governed by the Standing Orders. Only the House can decide to change the Standing Orders. As always, the Chair is in the hands of the House, which may decide if and when it will modify the rules under which its deliberations are conducted.

I wish to thank the hon. member for having raised this issue, and all those who made a useful contribution to the discussion.

[English]

**Right Hon. Joe Clark** Mr. Speaker, I rise on a point of order. For my clarification, does that mean that it is no longer a requirement that documents respecting the procedures of the House of Commons be in both official languages?

**The Speaker:** The hon. member will want to read the judgment the Chair has just given. I think he will find the answer in that judgment. I do not want to confuse him by giving answers to questions. I think the judgment is quite clear, and I know that he will find it so when he has a chance to review it.

• (1520)

[Translation]

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Mr. Speaker, I simply would like you to clarify for me what you just said.

Am I right to think that the motion, as passed, does not change the standing orders of the House of Commons, but is meant to provide guidance to the Chair? May I ask you also if the subject matter of the motion in question does not involve a number of existing practices in Canada, which would eliminate the need to look at what is done in the United Kingdom?

I do not know, Mr. Speaker, if you understand what I am asking. I will make it clearer. I would like you to tell me if this motion is simply meant to guide you in your rulings and does not change the standing orders of the House of Commons.

The motion refers to a practice followed in the United Kingdom. However, according to the ruling you just gave, foreign practices have to be taken into account only when there is no existing practice here, in Canada.

*Supply*

My question is this: since there is a practice that has been followed in Canada for a number of years with regard to the selection of motions at report stage, does what you just told us eliminate the need to refer to a foreign practice?

**The Speaker:** Once again, I think the member will find the answer to his question in the Speaker's ruling I just made, which he will soon be able to read.

I also indicated in my ruling that there will be another presentation by the Chair regarding the acceptability of amendments at report stage. There will be something on this subject soon.

With the ruling I gave today and with the presentation I will soon make to the House, the member will certainly have all the answers he needs, or at least I hope he will.

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## GOVERNMENT ORDERS

[English]

### SUPPLY

#### ALLOTTED DAY—SOFTWOOD LUMBER

The House resumed consideration of the motion and of the amendment.

**Mr. Lynn Myers (Parliamentary Secretary to Solicitor General of Canada, Lib.):** Madam Speaker, I listened with great interest to the member opposite who in his usual eloquent and studied fashion made some interesting points.

If we look at the facts with respect to this particular issue, and more to the point in terms of Quebec, the Canadian government ensures that Quebec's interests are very much assured in this particular area, and in other areas as well, because of our economic and political clout, and quite frankly because of our reputation around the world.

I point out that I think Quebecers understand the importance of a federal system and how federalism works in the country. I remind the hon. member that in the last 20 years Quebecers' standard of living has risen 30%, as it has in other parts of Canada, such as in Ontario. I also point out that the unemployment rate in Quebec has dropped to 8.5%.

Most recently the CHST transferred \$1.5 billion from the federal treasury. It represented 80% of all the money that was given in the country. An additional \$429 million will be given over as soon as the ceiling on the equalization payments has been eliminated.

• (1525)

My point is simple, Quebecers understand the benefits of being in this great country called Canada.

I would ask the member a specific question, contrary to his sovereigntist kind of protestations. Over the last number of years the softwood lumber industry and the sales to the United States from Quebec have gone from 20% to 25%. That is great news for Quebecers. How does he explain that? If things are so terrible and the Canadian government, as he seems to indicate, cannot do its work right, how can that be?

The hon. member opposite should be congratulating the government and saying what a good job the government, and especially the minister, is doing on this important file. At the end of the day it is good news not only for Quebecers, but for people in British Columbia, Alberta and others as well. It underscores the commitment of the government in this very important area to ensure that all Canadians benefit, especially Quebecers. Sales have gone from 20% to 25%. That is good news, and we should be congratulating everyone involved.

[Translation]

**Mr. Réal Ménard:** Madam Speaker, if I were asked why Quebec should become a sovereign nation, I would without any hesitation use the softwood lumber issue as an example.

Do people realize that Quebec producers were hit by countervailing rights 100% higher than the price in effect in the U.S.? The hon. member, who is just as naive as he is guileless, rose in this House to say that the federal government stood up for the interests of Quebec.

If there is one area where the federal government neglected Quebec's interests, it has to be the lumber industry. We urge all members of parliament to vote in favour of this motion so that we can go back to full and comprehensive free trade, as we should have done in 1996.

Lastly let me say that the day will soon come when Quebec becomes sovereign.

[English]

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Madam Speaker, obviously the member for Waterloo—Wellington is again using his extremist divisive tactics which is unfortunate. There is agreement among other members of the House, including his own government, on the motion.

What does my colleague see as being the most important issue? How might we be able to move forward together to solve the issue of softwood lumber, which is so important in my riding and across the country?

[Translation]

**Mr. Réal Ménard:** Madam Speaker, I will be very brief. The hon. member is a moderate man, with a moderating influence and a balanced approach. He has called for calm. For his call to be heard,

a consensus must emerge. That consensus is for all members to support the Bloc motion, even if—

**The Acting Speaker (Ms. Bakopanos):** I am sorry to interrupt the hon. member, but time has run out. The hon. member for Charlesbourg—Jacques-Cartier.

**Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ):** Madam Speaker, it is of course a bit intimidating to rise just after my colleague from Hochelaga—Maisonneuve who is always so eloquent, funny and lively in his speeches. However, with all the humility that I am known for, I will try to vie in skill with him.

I think that on this file the Bloc Quebecois has once again acted as a catalyst for common sense. For months now the Bloc Quebecois has pushed for a return to a common law between Canada and the United States, this common law being free trade.

The softwood lumber industry is a vital industry for Quebec as a whole. More than 30 000 jobs in Quebec alone are related to the lumber industry.

In 1999, 20,430 people were employed in the sawmill industry and 10,000 in forestry management. The lumber industry injects more than \$4 billion each year in Quebec's economy. It is therefore very important.

• (1530)

This important segment of Quebec's industry and economy has been adversely affected by federal government policies.

It is well known that Quebecers strongly support free trade in principle. For that matter, it is very interesting to see the Liberals joining a free trade position, and I am pleased to see that, while Quebec sovereignists supported it long before them. I remember that in 1993 the Liberals were campaigning against free trade, while we were strongly in favour of this politico-economic philosophy.

The Bloc Quebecois, which supports free trade as Quebec does, has seen the federal government set its interests aside to sign an agreement with the Americans. The Parliamentary Secretary to the Solicitor General boasted, saying that Canada stood up for the interests of Quebec and that, thanks to Canada, Quebec's interests were protected. In this case, we can see it is not true.

Quebec producers were subjected to a countervail tariff of 6.51% even if they were not subsidized. Is this what you call standing up for Quebec? Is this a government really concerned by Quebec's interests? I wonder on what planet the Parliamentary Secretary to the Solicitor General lives. The fact is that this government's action has been detrimental to the interests of Quebec. The subsidy rate

### *Supply*

for Quebec exporters was actually one-tenth of 1%. A countervailing tariff of 6.51% was imposed on the Quebec industry.

Non-subsidized exporters in Quebec bore the brunt of quotas, when in fact they should have been exempted, as was the case in the maritimes for instance. Many rallied to the position of the Bloc Quebecois, among others the Canadian Alliance, which is now supporting us, as does the federal government—and I am glad it finally did, because its position was not clear.

Members know as well as I do that the position of the Minister for International Trade was not clear. On February 22 and 23, there was talk about free trade being a long term goal for Canada and the need for a transition period.

On February 22 the Minister for International Trade said:

Now the matter is how we will live the transition toward free trade.

The 1996 lumber agreement is due to expire in a few days and only a month ago we did not even know what the federal government's position would be. Thanks to the work of the Bloc Quebecois and other organizations, the federal government finally listened and rallied to the common sense, deciding to come back to the common law which the free trade agreement between Canada and United States is.

For once, and this is rare, I cannot but congratulate the federal government for having listened and rallied to the Bloc's position, which is based on common sense, not only on the economic interests of Quebec but also on those of the rest of Canada, and for supporting the Bloc Quebecois motion. This motion will ensure that exporters from Quebec and Canada have access to the large U.S. market without any tariffs or other barriers.

[*English*]

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I welcome the opportunity to comment on the remarks of the member opposite on the softwood lumber situation.

I have spent 15 years of my life in the forestry sector and mucking around in countervailing duty problems. First of all, the problem is not Quebec versus B.C. versus Alberta versus the maritime provinces. The problem is that the Americans have a different system. They have mostly private lands. The timber is auctioned. In Canada most of the timber is on crown lands and is subject to stumpage and royalties.

• (1535)

In that relative sense, I can tell hon. members that Quebec is not exactly lily white in terms of the relative standing vis-à-vis other provinces. All provinces in Canada have the same battle. We all have to fight the same common system.

*Supply*

In fact it was in 1996 that the industry came to the Government of Canada and, in a pretty broad consensus, argued very strenuously for a five year quota agreement, a managed trade agreement, because the industry was sick to death of these trade wars. The minister at the time, Roy MacLaren, who was a free trader to whom managed trade was anathema, consented to managed trade because the industry wanted to buy five years of trade peace.

When we look at the situation, especially in the maritimes because the member draws the story out of the maritimes, the maritime provinces were excluded because most of the lands there are private lands, as he well knows, and if Quebec could have been excluded, it would have been. However, there had to be a willing agreement on both sides.

I agree with the hon. member on one point. I applaud the Minister for International Trade. He has been speaking out very strongly in a very unified manner on behalf of the industry across Canada. I am very confident that we will prevail.

I would ask the member opposite, what do you think about the relative positions? If you look at the American system compared to the Canadian system, why should we have to defend our system when they do not have to defend their system in the countervailing duty process?

[*Translation*]

**Mr. Richard Marceau:** Madam Speaker, first I want to thank the member opposite for his question. He used the pronoun you, so I assume the question was for you. I will answer it anyway, if only to relieve you from this responsibility and to prevent you from having to take a stance, you who play such a neutral role in the debates of this House.

The member opposite mentioned the fact that most woodlots are privately owned in other provinces, whereas Quebec has a different system where 92% of woodlots are publicly owned.

He said Quebec was not “lily white” on this issue. I assume it means beyond reproach. Perhaps we can rely on an organization that is not from Quebec or from Canada to assess the impact of the public ownership of woodlots in Quebec.

In 1992, the U.S. department of commerce concluded that the method used by Quebec to establish stumpage fees on publicly owned woodlots was equivalent to a subsidy rate of 0.1%, not 1% but 0.1%. I remind members that this rate is 100 times lower than the limit above which a countervailing duty must normally be imposed.

Going back to the previous question, why is it that, if the subsidy rate in Quebec was 0.1%, the federal government negotiated an agreement whereby Quebec exporters were subject to a countervailing duty rate of 6.51%? That is the question.

**Mr. Marcel Gagnon (Champlain, BQ):** Madam Speaker, earlier, some members seemed to find it bizarre that Quebec would

sponsor a motion asking the Canadian government to protect us. We were told that this is contrary to our ideology.

Would the member for Charlesbourg—Jacques-Cartier agree that a sovereign or independent Quebec could better defend itself and would not have to ask another government to do so?

**Mr. Richard Marceau:** Madam Speaker, I know I have very little time. It is unfortunate because I would have liked to dwell on the subject.

Indeed, I do think that in political life, as in day to day life or the life of nations, we are our own best advocates. For example, I never saw Canada ask Washington to represent Canadian interests in the international arena. Of course I would prefer that Quebec be represented by Quebec and not by Ottawa.

• (1540)

**Mr. Claude Drouin (Beauce, Lib.):** Madam Speaker, it is a pleasure to add my voice to those of other members who have already spoken to this most crucial issue. As the Minister for International Trade said, the softwood lumber industry is a basic element of the Canadian economy and we must protect it.

The stakes are extremely high. The softwood lumber industry creates thousands of jobs for Canadians. It is the lifeblood of hundreds of communities across Canada. It is one of the main export sectors in Canada and it plays a crucial role in our trade balance. I would also add that in Beauce, my own region, hundreds of jobs depend on this industry which affects a thousand individuals if you include families.

Our softwood lumber exports to the United States represent nearly \$11 billion. About a third of the lumber Americans need to build and improve their homes and businesses comes from Canada. There is absolutely no way the United States can meet their needs by themselves, but they still insist that access to their market by Canadians be limited.

What is the cost of this protectionism? American homebuilders suggest that the cost for the consumer is \$1,000 for every new house built in the United States. This is a very expensive protection for the American lumber industry.

The softwood lumber trade has been regulated for 5 years by the softwood lumber agreement. This agreement provides for quotas of softwood lumber that can be exported duty free to the United States from British Columbia, Alberta, Ontario, and Quebec. It has bought us five years of relative peace in a long, endless, and costly conflict. The industry endorsed the agreement almost unanimously, but now, it is almost unanimous in its determination to fight for the free access to this crucial market.

The softwood agreement will expire on March 31. If no other agreement is reached, two things will happen almost for sure. First, we will come back to the WTO and NAFTA rules, both of which give us access to the U.S. market. Just as important is the fact that

WTO and NAFTA provide us with a rules based system and dispute settlement mechanisms that we will not hesitate to use.

Second, for all intents and purposes, in the U.S., this industry which relies on government assistance will try to have countervailing duties imposed on Canadian softwood lumber exports. From what we hear, the American industry wants to take antidumping measures against Canadian producers.

Such a protectionist approach is unacceptable and, as my hon. colleagues pointed out, it is contrary to our trade agreements. These agreements prohibit the United States from imposing quantitative restrictions or customs duties on Canadian softwood lumber exports unless and until they can demonstrate, through fair enforcement of trade rules, that these exports are made possible because of unfair trade.

The United States must prove that we are subsidizing our industry or that we are dumping softwood lumber on their market; they must prove not only that we subsidize our industry and dump lumber, but that we do so in a way that is prejudicial to American producers.

They have never been able to prove their allegations. In the last 20 years, there have been three investigations on potential countervailing duties and none of them has proven their allegations. That does not deter them.

If the United States make new claims, we will defend our positions, you can be sure of that. The Government of Canada will ensure that our rights under WTO and NAFTA are upheld.

How will we go about it? As my colleagues have mentioned, our government has been proactive. Twice, we have used the WTO dispute settlement process against the United States to help clarify the rules governing new trade measures.

● (1545)

The first case is a challenge of the declared intent of the U.S. to consider our export controls on raw logs as subsidies giving rise to countervailing duties. It is obviously an important issue at a time where we are faced with the possibility of new trade action by the Americans.

We also had consultations at the WTO on a new U.S. legislative provision that is both unacceptable and, in our opinion, contrary to our trade agreements. It relates to countervailing and anti-dumping duties that are not implemented in the appropriate manner. Under this provision, the U.S. government would keep the customs duties already paid, even though the countervailing or anti-dumping duties have been successfully challenged and repealed. This is totally unacceptable.

Finally, as our minister said after his meeting in Washington with the U.S. trade representative, Mr. Zoellick, we are trying to get some clarification about what is called the Byrd amendment. It would allow U.S. customs to distribute the product of countervailing and anti-dumping duties to the very companies in the U.S. that

### *Supply*

petitioned for those duties. This seems totally unacceptable. Not only is it contrary to United States obligations as a WTO member, but we believe that that cannot be applied to Canada under NAFTA.

The United States should not be allowed to pick which ones of their trade obligations they are willing to respect. The United States have not only signed the trade agreements, they even led the movement for their negotiation. Therefore the time has come for the United States to abide by them.

The Government of Canada is firmly committed to having the rights of Canada under those international trade agreements respected and upheld. We deeply believe in a rules based trade system. That is why we took advantage of the mechanisms provided in those agreements to make sure that U.S. protectionist measures do not prevail.

We respect our obligations and we expect the United States to do the same.

If we are faced with an inquiry about the potential imposition of countervailing duties, we will fight it and we will win. We are ready. The provinces are ready. The industry in Canada is ready, probably more than ever. We have allies more powerful than ever before, in the forms of groups of consumers and retailers and of associations of home builders in the United States.

We continue to ask insistently that impartial envoys from Canada and the United States be appointed to explore the issue from all sides, to consult with all the stakeholders and to bring forward non-binding proposals to resolve this longstanding dispute. We will examine every possible option for the resolution of this dispute so that our softwood lumber industry can resume the activity it does so well.

Therefore I am pleased to indicate my support for this motion and our firm intention of pursuing Canada's goal of free trade in softwood lumber across Canada and particularly in Quebec and in my riding of Beauce.

[English]

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Madam Speaker, there is something that I want to bring to the attention of the House, especially the government, regarding the softwood lumber agreement.

The Atlantic provinces are subject to what is called the Maritime accord which was signed in 1996. This accord exempts Atlantic Canada from the softwood lumber agreement, and there is a reason for that. I sometimes get the feeling that that is lost in the halls of government. It ignores the fact that 75% of all lumber produced in Atlantic Canada comes from private land. That is why it was excluded.

*Supply*

• (1550)

In addition to that, stumpage fees in Atlantic Canada are much higher than they are in other parts of the country. That is why we have this special recognition or exemption. That is why we were included in the Maritime accord, signed in 1996.

The concern that we have on this side of the House is that the government, in its negotiations with the United States, has ignored this very fact. What we have is an agreement that might come about, or penalties that might be imposed on Canada which might be a better way to express it, that are going to punish Atlantic Canada. It is going to punish us despite the fact that we have managed our forests well and have what we call market prices for our stumpage. We have never been part of the problem. If we want to look at that, we are part of the solution.

Is the hon. member aware of recognition of the special status of Atlantic Canada in regard to the Maritime accord signed in 1996, and has he made that case to his cabinet colleague who is carrying this file for the Government of Canada? In addition to that, going back to 1982, we have always been exempted from the lumber agreement, the SLA.

[*Translation*]

**Mr. Claude Drouin (Beauce, Lib.):** Madam Speaker, I can assure my colleague from the opposition that I was indeed aware of the fact that the Atlantic provinces were excluded from the agreement. Four provinces were party to this agreement.

The Government of Canada represents all provinces, and I am sure our Minister for International Trade and our government will continue in that direction.

[*English*]

**Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.):** Madam Speaker, I listened closely to the comments from my colleague for Beauce. I know they have a very active and very important forest products sector in that area. Of course, we all know what the issue is. The issue is market share. Every time we take more than 30% of the softwood lumber market share in the United States, it comes back, it reinvents the rules and changes them to suit its needs.

I find it quite astounding that we have a system of countervail where we have to defend our system but we cannot attack the American system. We know there are subsidies in the U.S. system. They take place at the state and local government levels, whether it is property or sales tax abatements, industrial land or co-generation. Because of the process in the U.S. system, we cannot attack its system.

I think there is a much better method which is called net subsidies. The U.S. could only launch a countervail if there was a net over a de minimis, a net subsidy difference that was important;

net its subsidies against ours. However, why should we have to defend our industry and our process because it is different from its? We cannot attack the U.S. system? The Americans are now alleging that lumber from crown land is moving through the maritimes into the U.S. market. That is equally false as well.

Could my colleague tell us why we cannot come up with a better system where we could challenge and attack American subsidies? Why do we have to defend our own system? Is that not wrong?

[*Translation*]

**Mr. Claude Drouin:** Madam Speaker, if I understand the question, of course we have to defend our position. However, we can also launch challenges, to show our determination and to ensure that we are treated fairly and that NAFTA and the WTO agreement are complied with.

[*English*]

**Mr. Joe Comuzzi (Thunder Bay—Superior North, Lib.):** Madam Speaker, the debate today centres on what we perceive to be the softwood lumber industry but it is really a larger debate. Today what is being challenged by the expiration of the agreement on March 31 of this year really affects the forest industry in Canada.

• (1555)

Needless to say, and I am sure it has been said here today, the forestry industry is Canada's largest single industry. It employs more Canadians than any other industry. It has more communities directly involved in the forestry business than any other community. It adds about \$25 billion to \$27 billion a year to our balance of payments.

We are not talking exclusively about the softwood lumber industry. We are talking today about Canada's largest single industry of which softwood lumber is about half of the forestry industry.

When we talk about that and why the Americans are trying to influence our market penetration on this business, what we have to do is understand what happens in the forestry business when we harvest a tree and maximize its utilization. I want to explain why it is so important to the total concept of what the forestry industry is all about. It is not exclusively making 2x4, 2x6 and 2x8 lumber.

When we harvest a tree, the bark is stripped off and it is put through the mill. Out of the mill we will get 2x4 and 2x6 lumber, whatever that tree will provide. When that process is over, the residue of that tree is then turned into chips. Those chips are then shipped to the paper plants and used to make the fibre for our wood products, our crafts and so on that are so necessary for the total forestry business.

The bark that we stripped off that tree is presently being used as biomass to generate the very power that is running and operating

these mills throughout Canada. That includes eastern Canada, the province of Quebec, Ontario and western Canada. We are not dealing exclusively with regions, rather with the productivity throughout Canada as it comes out of the forestry industry.

It has become our largest industry. On top of that, it is a sustainable development. By the very fact that we are utilizing everything on that tree, means we are being prudent in the use of a resource. Given the changes in our forestry practices over the last seven to eight years, Canada can be looked upon as the leading country in operating its sustainable forests and utilizing its natural resources to their maximum potential.

Let us stop beating around the bush in finding out just what we are trying to accomplish. What the Americans are trying to accomplish in the debate, although they use the softwood lumber as a ploy, is the release of the raw logs that we are collecting and harvesting in Canada. They want the raw logs shipped to the United States so they can use their manufacturing process by using our basic natural resource.

They want to eliminate our ability, proven over the last five years, to value add to the products of our forestry industry. Just take into account the rougher headed lumber that we were shipping to the United States. It was a value added product. Take into account the drill studs that we were sending to the United States. Those are all value added products that the Americans put an embargo on because they did not want them included in the 14.7 billion board feet quota system, that was allowed under the agreement. That is what they are trying to do.

The United States producers are using the softwood lumber debate as an economic advantage. In Canada, and to the credit of all of the softwood lumber industries in Canada from coast to coast, a good part of the profits in the last several years have been applied to the new technology that is working so well in our mills. A lot of the profits have been reinvested in plants. As a result, we have perhaps the best technology in softwood lumber production in the whole world. I could take anyone to a mill in Nakina, in the furthestmost regions of northern Ontario, where the production methods are so sophisticated that one would not believe the amount of production that can come out of that one mill because of the advanced technology employed in that particular mill.

• (1600)

What the Americans have failed to do during this period of time in this particular industry, which they are complaining is being abused and injured, is that they have failed to take their resources and apply them to their businesses in order to produce more and in order to better this type of business. What they are trying to do is harm the Canadian industry and take away its competitive advantage, because in their industry they have failed to keep up with the rapid progress the industry needs.

### *Supply*

The end result is that the Americans want to utilize our trade laws, a threat of a countervail and the threat of the anti-dumping legislation in order to enhance the position of their industry in the marketplace.

Our industry in Canada today takes up about 33% of the United States industry. That is because of the restriction to the 14.7 billion board feet. Let me explain why we get such a large section of the United States market. We get 33% of it. We could get a lot more if we had a free trade agreement with the United States without the threat of the countervail and without the threat of the anti-dumping.

First and foremost, Canadian lumber products and forestry products are the best in the world. There is no question that the softwood lumber we produce is one of the best products in the world. A little known fact is that when an average sized house in the United States is built and the carpenters insist on using Canadian lumber, they can take between seven and ten days off the production time of that house because of the sturdiness, quality and lack of water content in Canadian lumber. Our lumber is rigid, is treated properly and is more competitive than their lumber. It is better than American lumber and it sells on the floor of the hardware store at the same price.

They cannot compete with that today. As a result, they are using the trade measures that we have in Canada in order to harm Canada's largest single business.

That is the problem, but what should we be doing about it? Let me offer a couple of suggestions. In Canada, with the market conditions we have seen in the last several months, and with the new technology, e-commerce, we have seen what has happened in the marketplace in the last weeks. Every time this happens, Canadians and the Canadian economy have to revert to where we began. We are a resource based industry. What are our natural resources? They include natural gas, and its shipment to wherever we can. They include the production of crude oil and its shipment to countries that want to buy crude oil. Our natural resources include all the products that we mine from the ground. Our natural resources also include fresh water, which we have in abundance, particularly in the northern parts of our country.

The point I want to make is that these are the natural resources of Canada. At the bargaining table, whether it is with the United States or any other country, we cannot isolate those areas that are natural resources at the expense of every other national resource.

• (1605)

When we deal with our friends in the United States, we deal in natural resources, which include mining, forestry, natural gas, oil and the production of electricity.

*Supply*

**Mr. Gerald Keddy (South Shore, PC):** Madam Speaker, I listened to the member for Thunder Bay—Superior North with some interest, because obviously he has taken some time on this and has a background in and knowledge of the subject.

Softwood lumber is one resource that Canada has. I appreciate the fact that he brought others forward, but I would like to focus my question on the softwood lumber debate.

Perhaps because of lack of time, there were a couple of factors that the hon. member did not get a chance to bring up. One is the fact that lumber prices have fallen, within the last year especially. When the market gets expensive and the market is demanding lumber products, we can ship across the border with a fair amount of impunity because the Americans want our raw materials.

However, what also happens when the price of lumber is higher is that there are a lot of substitutions in the construction industry. More concrete is used and a lot more steel studs are used. A lot more timber or softwood lumber replacements come into the construction field at such a time.

The issue, I believe, and the issue I would like the member to reply to, is the very motion that is before us, that we want free trade in softwood lumber. As I mentioned earlier in the debate today, we now have free trade in six of ten provinces in Canada. We have a softwood lumber agreement that covers up to 14.27 billion cubic feet of lumber coming out of B.C., Alberta, Ontario and Quebec. The issue is that we need the government not to include all of Canada in one agreement.

We need to support those four provinces in getting free trade in softwood lumber, which we certainly will do, but in regard to the other provinces that have free trade in lumber now, we need to maintain it and assure those provinces that they will not be lumped in on countervail, that they will not be lumped in on any duty coming out of the United States.

I am sure the hon. member understands that and would like to comment on it.

**Mr. Joe Comuzzi:** Madam Speaker, I thank the member for his question, but it really is counterproductive to what the House is trying to accomplish today.

If there is one issue that comes out of this debate, it is that Canada deals with other countries as a whole, that we do not become parochial in our negotiations and look after the interests of one section of the country over another section of the country.

I understand full well what the member has talked about in the area from which he comes, that is, his area has had free trade because of its ability to convince its American counterparts that it

has private timber limits, as do many of the Americans. However, at the end of the day I hope that what he and his provinces, the maritimes and Newfoundland, have been enjoying for the last five years under the trade agreement would start to be enjoyed by every other province in Canada, by all of the provinces, that is, free access to the United States market without any threat of countervail, without any threat of anti-dumping.

Let us operate in the marketplace in the United States. Let us operate freely, openly and competitively and we will show what we can do as a country with respect to selling our product in the United States.

**Mr. Greg Thompson (New Brunswick Southwest, PC):** Madam Speaker, I thank the hon. member for Thunder Bay—Superior North and congratulate him on the good work that he has done as the co-chairman of the Canada-U.S. Interparliamentary Group. This issue has come up from time to time because we both joined that group in 1988. Of course he has risen higher through the ranks than I have because he is now co-chairman.

• (1610)

I do have a question for the member. I have with me an article from the *St. Croix Courier* which is written by John Baldacci because of the international interest in this matter. As a congressman from the U.S. he is trying to lobby the United States to take harsh and punitive actions against Canada. The statistics and logic he uses are totally out of line in terms of what we have been telling Americans.

Can the member enlighten us in terms of what our minister has done and the information that he has used to lobby for our interests in the United States? In other words, how could the information become so distorted by an American congressman in defence of the American case versus ours and—

**The Acting Speaker (Ms. Bakopanos):** I am sorry to interrupt, but the time for questions and comments has elapsed. I will allow the member to give a very brief answer.

**Mr. Joe Comuzzi:** Madam Speaker, let me thank my colleague across the aisle for his question. It is amazing and I do not know how the U.S. can get away with this.

I have here a letter written to the president of the United States which is signed by 51 senators. I have gone through the letter and without a lot of thought have underlined several areas where they are absolutely wrong in the accusations they make about the Canadian forestry industry. The information being disseminated by our friends in the United States is by and large incorrect.

[*Translation*]

**Mr. Jean-Yves Roy (Matapédia-Matane, BQ):** Madam Speaker, I would like to use my time to assert the importance of the forest as a resource and of its harvesting by the softwood lumber industry for an area like the riding of Matapédia—Matane.

Considering the makeup of my riding, I will divide my speech into two parts and talk about the situation and the issues for two separate regions, namely the lower St. Lawrence area and the Gaspé peninsula. These are two huge areas that I represent, along with one of my colleagues on the other side of the House.

On April Fool's Day, we stand to be made fools of by the Americans.

The softwood lumber agreement which has been in force since 1996, will expire on March 31. I think we should consider our past, present and future situation in order to avoid the problems we have had before with the United States.

For the next few minutes I will try to illustrate the situation in areas similar to my riding. The hon. member for Beauce stated earlier that 1,000 residents in his riding will be affected by the softwood lumber agreement. In my riding, I have 2,000 people working in the industry.

This goes to show that any action taken in an industry like the forest industry must be well targeted, because it can have a serious impact on communities like mine that have already been hard hit, for instance, by the downturn in the fishery.

We in the Bloc Québécois have realized how detrimental the current softwood lumber agreement is and, as a famous politician recently put it, how harmful it is to the Quebec industry. Some might say barbaric, but I think that word has not been properly used in the last little while.

Let me review the current situation as seen by the forest industry commission of the Gaspé Peninsula—Îles-de-la-Madeleine regional consultation and development council, a group of stakeholders who truly believe in the development of our forest industry.

• (1615)

Our forests, a natural resource once thought to be inexhaustible, are and remain very vulnerable from many points of view.

Nature itself and human activity did play a role and still do. They are very important change factors. We should use good judgment and foresight. In other words, we should be very careful, because the forest industry is just as vulnerable as the natural resource is.

We find two bioclimatic zones in the Gaspé peninsula. The peninsula is surrounded by fir forests with a mixed stand of yellow birch and softwood trees like the balsam fir, white spruce and white cedar.

### *Supply*

The two main harmful elements are spruce budworm infestations and fire. They obviously have an impact on the lumber industry.

The other bioclimatic zone is the middle of the peninsula. It is made of fir forests with white birch stands. Here, we have stands of balsam fir, white spruce and white birch. The ground is usually very rugged.

Therefore it is quite false to suggest that the lumber industry in my area has an advantage compared to the American industry, because of our harsh climate and rough land.

My region is almost totally covered with forests: they take up 96% of the land. People in my area say things like: "I was raised in the woods". Some 87% of this forest is publicly owned. It is mostly made up of softwood stands, 48%, or mixed stands, 33%. Standing volumes mostly contain the following species: fir, spruce, birch and trembling aspen. Obviously these are all species that are affected by the softwood lumber agreement.

Nearly two-thirds of the stands are considered young, being 50 years old or less, even though more than 17% of the forest is made up of stands over 90 years old.

As for the privately owned forest, it covers a 383,000 hectare area 95% of which is made up of small private properties, meaning properties of about 800 hectares or less, the other 5% being made up of large private properties. This area occupies a very narrow stretch of land on the periphery of the peninsula, the width of which varies between 2 and 20 kilometres.

The main benefits from the forest in the Gaspé area come from the management and harvesting of the forest biomass, which, as we know, is affected by the softwood lumber agreement. The largest part of the region's publicly owned forest is subdivided into management units, and available timber volumes are allocated to processors through harvesting and forest management contracts.

Despite this industrial use of the forest, other users such as hunters, fishers and vacationers can also enjoy the forest and its various resources. All this to show that the logging industry is very important to a riding like Matapédia—Matane.

This industry employs nearly 2,000 people, as I was saying earlier, which accounts for more than 45% of primary sector jobs in the region. This means that any change to the softwood lumber agreement will have disastrous consequences on a region such as mine. The four logging co-operatives in the Gaspé Peninsula are concentrated in the Baie-des-Chaleurs area. They employ nearly 500 people.

As for the five logging groups, they are spread out throughout the peninsula and employ more than 600 people. Add to that some 15 logging contractors, two nurseries, four consultants and seven forestry advisors.

*Supply*

Management activities on publicly owned woodlots are financed through timber royalties, contrary to claims made by the Americans, and paid by individual operators based on their allotted volumes. These royalties are also used to fund activities related to the forest resource development program.

For example, in 1996-97, close to \$22 million were paid in timber royalties, stumpage fees, et cetera in our region alone. Of this amount, \$8 million were used to fund regular forest management activities.

Over 80 wood processing companies employ nearly 2,000 people, which represents 26% of jobs in the manufacturing sector.

• (1620)

There are two cardboard and paper mills, one of which, Gaspésia in Chandler, is currently shut down. There is a recovery plan in the works and, if I may say so, federal aid is still not forthcoming. In the Gaspé there are also 19 sawmills covered by timber supply and forest management agreements and more than 60 sawmills in operation.

According to the forest sectoral commission of the regional consultation and development council, which is made up of various stakeholders from the forestry sector, there are three main issues at stake: to preserve and create direct and indirect forest sector jobs, which is almost impossible without a free trade agreement; to improve the skills needed in the Gaspé forest sector to ensure full and comprehensive economic and social development; and to promote integrated management of all our forest resources in order to protect our resources.

The regional consultation and development council has also prepared a brief on the situation in the lower St. Lawrence area, which I would like to briefly review for the House since my time is running out.

Populated areas and the physical environment join together in great surroundings where nature is everywhere and influences every aspect of daily life. Nature dominates in several different ways. One quarter of our municipalities are along the St. Lawrence estuary. Various crops are cultivated on cutover marine terraces and the gentle slopes of the valleys. On the north-east side, mixed forests can still be found on the Appalachian plateau.

The region's development relies therefore on the development and sustainability of our natural resources. Public expectations are very high. It urges us to strive for excellence, as we have done in the past and will continue to do so, for instance, with our high performance sawmills. This is probably what irks the Americans the most. Despite our climate and our situation, we are still able to perform and compete with them on their own turf.

However, the need to take into account national and international concerns about sustainable development further reinforces this idea. The challenge to excel that we must pursue forces us in a way to raise the bar of our ambitions and to aspire to become a reference in the area of natural resources protection and use. And that we have already achieved to a great extent.

The forest environment includes the land, the resources it contains, the multiple uses that are made of it and the relationship between the human beings and the natural environment in which they live. From now on, the values and aspirations of the people of the lower St. Lawrence, combined with the national and international concerns, must govern the protection and use of the local forest environment.

Sustainable development and biodiversity are at the heart of the forest resources protection goal.

Our area has to become a model. It already is one. We now have to promote the great potential of those sites while aiming at optimum production. As I was saying at the very beginning of my remarks, 2,000 jobs are affected in the Matapédia—Matane riding. I wonder what the Americans will do when the time comes to negotiate a lumber agreement after the free trade area of the Americas has become a reality.

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Madam Speaker, first of all, with all due respect, I will address my comments to you, because the rules require so, and I will also address them to workers in the lumber industry, to the thousands of workers who, as we speak, have lost their jobs, temporarily, we hope.

In Quebec in the last six months 20 businesses all related to the lumber industry have shut their doors temporarily, we hope.

There may be talking and pussyfooting in the House, but in the field there is a lumber crisis. This crisis is obviously the result of the 1996 agreement, but it is also fuelled by the economic recession that is forthcoming in the United States. Consequently lumber prices have dropped by 17% in the last six months while stumpage fees imposed on businesses have not been reduced accordingly.

• (1625)

Since 1992 stumpage fees in Quebec have gone up 117%. Since 1996 these same fees have increased by 53%. In 1992 the U.S. department of commerce, a venerable institution, said that if stumpage fees were calculated as subsidies the benefit gained by Quebec producers would be only 0.01% compared to American producers.

Therefore I will let the workers in the lumber industry be the judge of Canada's efforts.

Today in the House the minister and a bevy of members on the government side said they agree to support the motion put forward

*Supply*

by the Bloc Québécois, which has been fighting for months for a good outcome for the softwood lumber agreement, due to expire on March 31, 2001, for the implementation of free trade as of April 1, 2001.

We have been telling the government for many months that the agreement will expire on March 31, 2001, and that the transition for that industry is provided for since 1996. The softwood lumber agreement was a transitional agreement that was supposed to expire on March 31, 2001 and free trade was supposed to apply as of April 1. Sadly, that is not what is going to happen.

Here we are just a few days away from the expiry of the agreement and although free trade is supposed to come into effect as of April 1, the minister responsible and the Prime Minister still cannot assure us that, in spite of the implementation of free trade, there will not be any retaliation by the U.S. government.

This is the main cause of concern for workers who are currently jobless. This is cause for concern because, in my opinion, it will demonstrate that Canada is no longer effective.

If the Canadian government cannot get our American neighbours to agree on an issue that has been ongoing for 20 years, we will no longer have any reason to stay within this country because its only strength is its negotiating power. We will see what happens on March 31. We will have proof that the Canadian government has failed on the issue of softwood lumber.

As one of my colleagues said, Canada is in the process of showing its ineffectiveness in an economic field of utmost importance for Canada from coast to coast to coast. The agreement expires on March 31, 2001, but over the last 20 years, and more specifically over the last five years, the Canadian government has been unable to find a satisfactory solution for the softwood lumber industry.

I will say it again, 20 plants have closed and thousands of workers still do not know if these plants will reopen one day. We cannot be absolutely sure that reprisals will not keep these workers from getting their jobs back. The economic climate is clouding over in the United States and free trade is the true solution. We have given proof of that here in this House.

My eminent colleagues have established today that the Canadian softwood lumber industry can compete with any other around the world, in all categories. If Canada cannot protect its own position in a field where it is one of the best in the world, it is showing its weakness. We will let them go ahead, but I am convinced that they will, once again, prove that Canada cannot protect the interests of Quebecers.

I have heard several comments in this House these past few weeks. The Prime Minister spoke to President Bush to discuss the lumber issue and was told to talk about energy.

As an hon. member said earlier, I hope they will not put all of Canada's natural resources on the table to negotiate the lumber agreement. The lumber issue has been discussed for 20 years now and it must be settled by March 31 in the evening. It must be solved.

If Canada cannot do it, I hope they will not tell us that they intend to use other natural resources, for example our energy or water, as leverage in the lumber negotiations.

• (1630)

It would be a catastrophic error. Given the lumber agreement signed by Canada in 1996, it would be a disaster for the energy industry and the hydro industry that Quebecers are doing their very best to protect. The government must not be allowed to use natural resources as leverage to negotiate the lumber agreement. We have had a problem for 20 years now and it is time for Canada to prove that it is strong and powerful enough to protect the interests of Quebecers and of all Canadians.

After listening to the Prime Minister and the Minister for International Trade these last few weeks, I am convinced that Canada will not be able to reach an agreement by March 31. Once again, it will show that it is not the power it says it is and that it does not have the respect of the Americans.

Obviously, the workers of Quebec will once again pay the price. I am talking about the thousands of workers in Quebec who, as we speak, no longer have jobs in the softwood lumber industry. Even though, since 1992, the industry has increased countervailing duties by 117% as the Americans requested, even though 53% of countervailing duties have been increased since 1992, and even though there has been a drop of 17% in the selling price of softwood lumber, countervailing duties have barely dropped by 3%. Obviously, this industry will once again be abandoned by the Canadian government.

That is why I am proud to support the motion by the member for Joliette. I hope that members of all political parties in the House will be unanimous when it comes time to vote on such an important position for an industry that is one of the most important in Canada today.

Obviously, Canada is facing a considerable challenge. Pardon me, but I am not confident that our minister and our Prime Minister have the political strength to be able to defend the interests of Quebecers. I am certain that, the day after March 31, we will see the U.S. government once again imposing duties, tariff barriers, and quotas on our industry.

We will have to put up with what we are putting up with now, which is to say drastic job cuts and factory closures in an industry which is one of the most prosperous and in which we are the most

*Supply*

highly competitive in the world. And all because our government does not have the political strength to be able to negotiate with its neighbours.

[*English*]

**Mr. John McKay (Scarborough East, Lib.):** Madam Speaker, I will be splitting my time.

I had the opportunity over the Christmas break to go to Australia with my family. I have the good fortune to be married to an Australian. She has been away from her country for 18 years so we thought the Christmas break would be a great time to visit her homeland.

While there we were at a place called Heron Island which is on the Great Barrier Reef. Madam Speaker, if you ever have an opportunity to visit an absolutely idyllic setting I recommend it to you.

It was quite idyllic unless of course one had the misfortune to be seated next to a lumberman from Montana. I had a rather unpleasant lunch with an American lumberman and his wife. I will distinguish between the two by saying that his wife was really quite pleasant but he was not.

Needless to say, I got quite an earful about rapacious Canadians and how we engage in unfair trading practices and have subsidies and stumpage fees, et cetera. I do not claim any great expertise in this area, but I thought I gave about as good as I got. I expressed to him my views as a parliamentarian that we were as fed up as fed up could be with the gross hypocrisy of American interests in that area.

It seems to me that free trade for the Americans is only free trade if it works for the Americans. If it stops working for the Americans it then ceases to be free trade.

• (1635)

I pointed out to that individual that in pretty well every free trade dispute with our colleagues to the south over NAFTA-like issues, most disputes had been resolved in Canada's favour and that we were heartily sick of being dragged into the courts and proven right.

Needless to say, my views did not endear myself to this Montana lumberman and he and I parted ways. He then saw his way clear to leave the island the following day, by private helicopter may I say.

My little vignette is in some measure a reflection of what goes on in Canada's relationship with the Americans on a daily basis. We trade about \$1 billion a day. Clearly the U.S. is our most significant trading partner and clearly we are its most significant trading partner.

Canada is a trading nation, has been a trading nation and, for the foreseeable future, will always be a trading nation. Something in the order of 40% to 45% of our gross domestic product is

dependent upon trade. The comparable figure, which is quite an interesting figure, is that it is about half for the Americans. About 20% of their gross domestic product is dependent on trade.

In the last election four out of the five parties essentially ran on free trade platforms. The one party that did not run on a free trade platform got around 10% of the vote and barely hung onto official party status.

Free trade enjoys pretty broad support among Canadians, something in the order of 65% to 70%, but, as I said, we are heartily sick of being dragged into court. Fortunately, we seem to be winning most of the disputes.

Americans trade and we, on the other hand, trade freely. We are not a colonial power. We cannot and do not use threats of military intervention to get our way. We need agreements and therefore we need rules. Rules based trade is better than gunboat trade. The resolution therefore is timely because it gives Canadians another opportunity to reaffirm their commitment to free trade.

Is it difficult? Of course it is difficult. Does it take up a lot of time? Yes. Do we have an endless number of lawyers? Yes we do, but let us look at the alternative. Are we to become an isolationist nation? I do not think so. Are we to somehow or other become a colonial power? I do not think so. For the foreseeable future what we are doing is the way we will go.

The softwood lumber agreement expires this month. Canada's position is pretty darn clear on this one: Trade in softwood lumber should be governed by the WTO rules or the NAFTA agreement, period, end of sentence.

The motion reads:

That this House support the government's will in its efforts to restore free trade agreement rules for lumber and inform the United States that it rejects any obstacle to that free trade process.

It is a pretty difficult proposition on which to argue.

The negotiations will be difficult as the U.S. congress and president are clearly captives of the lumber lobby. It is a powerful and well-financed lobby. To give members some perspective on the role of lobbyists in the U.S. system I will treat them to another vignette.

I had occasion to be in Chile representing Canada at a conference on tobacco reduction strategies. I along with the American senators were the only English speakers at the conference. As we are wont to do, politicians being politicians, we chatted. I asked the U.S. state senators why they did not run for congress. I asked them why they did not move up and run federally. Their response was, money. I asked what the problem was with money.

The problem is that to be a congressman in the United States one needs \$1 million every two years. That means that a person would

need to have \$10,000 a week. It would mean that every Monday morning a congressman would need to find 10,000 bucks somewhere, and if he or she is from Montana, Idaho or one of the large lumber states, his or her \$10,000 would most likely come from one of the lumber lobbies.

• (1640)

I began to understand, in my own little naive Canadian way, the intersection of money and politics in the U.S. On another occasion I could possibly reflect on how it is distorting democracy in our neighbour to the south. It certainly gave me a new perspective on how lobbies interact with congress in the U.S.

Canada is in tough here. The entire political machinery of the U.S. congress and the executive branches are lined up against Canada on this issue because they are captives of the lumber lobby.

The position taken by my separatist colleagues opposite would be laughable if it were not so pathetic. Quebec wants to go it alone with the Americans. Good luck to it. I am sure George Bush lies awake at night wondering what that wily Landry will think of next. If Canada has to muscle up, so to speak, just to get the Americans to deal in the area of WTO and NAFTA-like rules, what will poor little pathetic Quebec do to get its fair share?

Quebec wants it both ways, as if that were news. It wants to negotiate for itself but have an economic partnership with the rest of Canada. Of course if the economic partnership does not work in any particular sector then it will gas the economic partnership and go on its own.

I was in my riding, as you probably were, Madam Speaker, during our break week. Frankly, I got a pretty good earful from my constituents about transfers to Quebec. They were a little irritated with the gross up in equalization. That was immediately following the gratuitous insult concerning the chiffon rouge but before being told we have no real culture.

It is about time Mr. Landry looked at where his bread is buttered and realized that Quebec, in spite of its government, has prospered in Canada. It has done very well, thank you very much, under the softwood lumber agreement. It has increased its share from 20% to 25%.

It would be a novel idea if Mr. Landry paid a tad more attention to business realities of a large provincial economy rather than hurling gratuitous insults at the rest of the country.

The real reason the lumber lobby is spending its money on lawyers and politicians is that the industry has not modernized. The American industry is in the dark ages. It has not modernized like Canadian mills and therefore it cannot compete with Canadian mills.

### *Supply*

In summary, this is all about power. This is all about lumber power. This is about Canadians hanging together. If we do not hang together we will certainly hang separately.

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance):** Madam Speaker, I enjoyed the member's comments. I will refer first to what the minister said when he was in the House. In answer to a question I had asked, he said that his department had been working on the looming deadline for softwood lumber for quite some time.

I was correct in my comments when I said that may be true, but the fact is that the government has not been revealing that to the Canadian public or to workers in the forest industry, which has caused a lot of consternation and apprehension. It is only within the last several weeks, subsequent to the United States starting its sabre rattling, that the minister said that the government has been working on this and that it has started to take a tough stand on behalf of Canada.

I wonder what progress has been made, for example, in dealing with the other large lobby groups in the United States, such as the American coalition for affordable housing and the lobby group that represents lumber retailers and builders in the United States. What has Canada done to try to draw on their strength as lobbyists to help us with the U.S. government and the senate? Where do we stand?

• (1645)

We cannot get into negotiations per se on softwood lumber because once we get into negotiations it commits us to negotiating another agreement. That is an important point. We could have high level discussions, but we would like to know, as would thousands of Canadian forestry workers, where we are in these talks. They see a looming deadline three weeks from now. They hear sabre rattling from both sides. Where are we in these talks?

**Mr. John McKay:** Madam Speaker, the hon. member opposite is an experienced politician. He knows that negotiations carry on all the time at a variety of levels over a period of time. Everyone knows that there is a March 31 deadline. The pressure to arrive at an agreement is certainly there.

I would certainly expect, although I cannot say because I am not involved in the negotiations directly, that Canadian lobbyists as such would be approaching the affordable home builders association and the consumers of these products and saying that their industry causes a great deal of expense to American consumers because it is an inefficient industry. We could supply the product they want which is as good as, if not better than, what they get at cheaper prices.

That is what free trade is all about. I would expect that our government would try to make them hang separately instead of hanging together.

*Supply*

**Mr. Gerald Keddy (South Shore, PC):** Madam Speaker, I have a question for the government member who just spoke. Free trade works fine when there is lots of demand, but right now we do not have the same demand.

All kinds of products can be shipped out of Canadian mills but there is a lessened demand on the American side. At the same time there is a downturn in the American industry. Its sawmills are shut down. Our government has said all along that it intends to let this go under free trade and that it does not have to negotiate anything.

We are guaranteed on Monday, April 2, that the Americans will either have countervail duties or anti-dumping charges, or our government will have some type of export tax in place.

Where is the plan? What is the government doing about it? When does it plan to have it in place? It is as simple as that.

**Mr. John McKay:** Madam Speaker, I would use the phrase of a certain hon. member, namely, I reject the premise of the question.

If on April 2 there are countervail duties or anti-dumping charges then on April 3 we will have a lawsuit. If that is the way it is, that is the way it is. I cannot simply extract a negotiated agreement because I wish to extract a negotiated agreement.

As I said in the thrust of my speech, for Canadians free trade means free trade. It does not mean anything else other than free trade.

**Mr. Larry Bagnell (Yukon, Lib.):** Madam Speaker, I am pleased to speak to this topic. As a former director of international trade in Yukon it is a topic dear to my heart.

In particular, I am very happy when more free trade leads to the reduction of expensive tariffs for all Canadian consumers, but particularly for the poor. When we would otherwise add 10%, 20% or 30% to the price of goods for no good reason, it does not help the poor or any consumers. I am pleased to talk about and support free trade in general.

That is not the purpose of my speech. I will not debate any of the details. Our opposition critics, the good negotiators in the government, the minister and the parliamentary secretary can get into that.

• (1650)

I would like during my intervention to commend all members of the House on their co-operation on the issue. I also commend the Bloc for what is a courageous and very productive use of an opposition day under these circumstances.

As a new member I wanted to do this before I became public enemy number one in the House. Obviously I will get into many tough debates with my comrades opposite because I strongly disagree with the visions of the parties opposite. If I did not believe

strongly in the Liberal vision, it would have been fraudulent of me to run under the Liberal banner.

Although I disagree with the visions and some of the positions of the other parties, I never once doubted the intentions of all member of the House to work and help Canadians. They all believe in what they are putting forward and they are all working very hard to help their constituents and all of Canada.

Today's motion exemplifies that. Efforts like this one where the whole House is working together is one way of showing Canadians the hard work that all members do for their constituents and the courageous decisions they make in their interest. It does not neglect the fact that we will do heavy battle to advance our visions because that is what we believe in. It also shows that when there is a common enemy or common problem we can all work together. We need that when we are threatened by such an external force.

In commending the official opposition today, members will probably notice that I have not done this too much since I have been here. I should like to tell a couple of other stories related to commending members of parliament.

Last night I was at a dinner. A private sector person of a major Canadian company spoke. He said that earlier this week all parliamentarians in the House of Commons voted on a common front to approve a motion on an issue that was very important for Canada. The message that got across was that we were all co-operating on an issue that was very important to Canadians. Parliament and everyone here obtained a lot of respect for doing that. Today's motion is not dissimilar.

On a more minor point, I was also proud as a new member when Tony Blair, the leader from Great Britain was here. We all stood in appreciation and with decorum to recognize a leader of a country that was a partner with us. In particular, I commend Bloc members because due to some of their positions in history it may have been very difficult for some them. They showed the greatest degree of decorum along with other members of the House. I was touched by the degree of decorum that day.

Being from Yukon I have an interest in today's debate. As the rest of Canada, we want to avoid countervail duties such as the one of 6.51% which the department of commerce tried to levy against Yukon exports in 1992. That would have been very difficult for us. Members can imagine with winters at minus 40 degrees the transportation costs and the increased wages. Yukon is totally uncompetitive as it is. Obviously we are no threat to anyone because our production costs are so high. We do not need any more disadvantages.

Our wood, because it is so dry and so cold, takes a long time to grow. It is a very high quality wood. It has the same name, white

spruce or lodgepole pine, but it is a different type of wood. It is very strong and it is fine for exporting for furniture exports but it is no threat to anyone. We do not want to be caught as innocent bystanders in this dispute.

Getting back to my main point about commending the House for co-operation, it is essential that we stand together when we have 51 senators of both parties in the United States standing against us. Those are 51 senators of the most powerful nation in the world.

• (1655)

I should like to address Americans, especially American anti-poverty groups and consumer groups that I am sure are watching CPAC. I cannot imagine they would not be. Consumers, anti-poverty fighters or consumer groups in the United States should take a message back to their senators who have been raising tariffs and increasing house prices over the years.

Can poor people in the United States afford the increased cost of houses which would result from increased tariffs? Do their consumer groups really want Americans to continually pay more money for housing because of a few senators who are trying to increase tariffs? Do all poor people in the United States really have houses? Can they afford their being artificially expensive because of the tariffs a few senators are trying to impose? They should tell these senators that they want free trade in lumber so that they have the lowest priced housing for the people who really need them.

What would happen to American companies if they did this? The lumber companies where some of their family members work would become more competitive and would sell more with fewer tariffs. When they become more competitive they will sell more of their products and be able to better compete in world markets. This would ultimately lead to those companies becoming more efficient, providing more sales of American goods and more employment for Americans. That would help their families as well.

It is a win-win situation. They have to take these senators or anyone who tries to lobby for increased tariffs to task. Continuing softwood lumber tariffs do not make sense from their perspective.

In closing, I respect and appreciate all members of the House for co-operating for the common good of Canadians. Any victory is not a victory of one partisan party but is a victory of our entire parliament. Any loss is a loss for all Canadians.

**The Acting Speaker (Ms. Bakopanos):** It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Dewdney—Alouette, Ethics Counsellor.

**Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance):** Madam Speaker, as a member from British

### *Supply*

Columbia I appreciate the time to ask some questions and make some comments.

It is important to reiterate to the member and the government the reason this is such an exceedingly important issue to Canada and in particular to my province of British Columbia. It is probably not known by the member that on a balance of trade net benefit basis the forest industry outperforms every other sector of export in Canada. It has a net benefit of some \$39 million to Canada on the balance of trade. That is important. It employs about 130,000 people in Canada and as high as 50,000 or 60,000 in the province of B.C. in work related to the forest industry.

The province of British Columbia has seen the complete devastation of the forest industry caused by to a very large degree the softwood lumber agreement we have had to work through over the last five years. It sounded pretty good in the beginning. We were to find a way to deal with the constant threats of countervail.

• (1700)

In fact, what has happened is that we have had a market distortion which has been disastrous to our economy in British Columbia. We have had the creation of mills that have quota and mills that have not. It is not a level playing field. Because of their obligation to the ministry of forests and to their timber licences to cut the wood and process it, they have had to in effect literally dump the wood in the domestic market at prices far below their costs to produce it.

It is having a disastrous effect and the government has to realize that. In the city of Prince George, which is almost wholly dependent upon the forest industry, the unemployment rate is somewhere around 17%. In my riding it is somewhere around 15% overall because of the softwood lumber agreement.

Our mills have simply used their quotas. They are into their expensive penalty wood. They have had to lay off people because they cannot afford to carry on business that way, so when I ask the government where the public display of good stewardship of our lumber industry has been, I am very serious.

There has not been a public display. The government has admitted that it has been working on it for the last year, but there has not been an expression to the people in the forest industry in British Columbia that the the government is working on this and understands the crisis and the severity of the situation. The government has left the forest industry and workers in British Columbia wondering whether on March 31 the world is going to come to an end for them. It is going to get considerably worse. They do not know that the government has been working on it, if indeed it has, but we will take the government at its word.

*Supply*

I would like to ask the member for Yukon if he understands that on March 31 the lifeblood of the forest industry in British Columbia will be at the highest crisis point it has been at in decades. If so, has he and will he, along with other members of the Liberal government, continue to impress upon the Minister for International Trade that we must not allow the Americans, by way of this large lobby group, to push us around on this like they have traditionally done?

Canada cannot buckle under on this one. The member from Thunder Bay said earlier that we cannot now move to another natural resource and start to rattle sabres at the U.S. That is exactly what the U.S. has done to us. It has singled out the lumber industry and wants to go to war on it. Why should it be fair for them when it is not fair for us? That is my question. How can we allow the Americans to zero in on lumber and say we are unfair when we are not prepared to say that if that is the way they want to play we are going to zero in on something that they really need? What does the member have to say about that?

**Mr. Larry Bagnell:** Yes, Madam Speaker.

[*Translation*]

**Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ):** Madam Speaker, I am very pleased to rise now at the end of the day to speak to the Bloc Québécois motion on softwood lumber.

I was here this morning when the hon. member for Joliette introduced his motion. Afterward, I listened to what the first speakers for the various parties had to say, and all parties except for the New Democratic Party indicated that they would be voting in favour of the motion.

● (1705)

Therefore this must be a very positive motion. Some parties, especially the one opposite, often say that the Bloc never has anything positive to offer. This time, members have to agree that this is a good motion. Even the government has come to this realization since it has indicated it will be supporting the motion. What is surprising is that an opposition party had to bring forward such a motion. Time is of the essence.

The softwood lumber agreement with the United States will expire at the end of the month, on March 31, just two short weeks from now. It was urgent that we addressed this very important issue, because it will affect a large number of jobs in Quebec and throughout Canada. Even the member for Yukon, who just stepped out, seemed interested in this issue. I know I am not supposed to make such a comment, but the Speaker has already been very kind to me, as she always is.

I think it is important to remind the House of the terms of the motion:

That this House support the government's will in its efforts to restore free trade agreement rules for lumber and inform the United States that it rejects any obstacle to that free trade process.

Excellent. Everybody seems to agree, except the NDP, which is consistent to a point with its own past position on free trade. It has always opposed free trade.

This allows me to digress for a moment and remind the House that before 1993 and even during the election campaign, the Liberals and the Prime Minister spoke very negatively about free trade. Back in 1988 the elections were fought on free trade and the Liberals were dead against it.

This may explain in part their lack of a firm position until yesterday. When questioned the Prime Minister stood and said he was very much in favour of free trade in this industry and other industries. He may be a late convert, but that is what he said.

This raises a number of questions. How sure can we be that government members, who were against free trade in the past, will be very good negotiators of a free trade agreement on softwood lumber?

The Bloc Québécois supports free trade. I should remind the House that in 1988 the Parti Québécois, Quebec sovereignists and even Premier Bourassa supported free trade. There was a consensus on this in Quebec and it did have an impact on the course of events. We signed an agreement first with the United States and then with Mexico.

We are looking at extending free trade to the three Americas. It is fine and negotiations will start, but despite the fact that I have always supported free trade in principle I want to point out an area where I am not satisfied, as are many workers I might add, and that is shipbuilding.

In these negotiations we cannot blame the current government, because it was the Conservative government that was in office, but the fact remains that maritime transport and shipbuilding were excluded from free trade. This is very damaging now for the industry, which has only 2,500 employees. At the time, more than 10,000 employees and, depending on the time of the year, up to 15,000 employees were earning a living in this industry.

● (1710)

Why was this not included? What we have learned from people involved directly or indirectly, anonymously in some cases, is that the famous automobile pact that favoured Ontario has been used as a bargaining chip to exclude maritime transport and shipbuilding.

We see with respect to lumber, while following the free trade spirit, that the United States had asked in its negotiations to

conclude with Canada an agreement that is expiring soon, with the whole issue of countervail duties that was not beneficial to the sawmill industry in Quebec; quite the contrary.

In Quebec, the product is different from the one in British Columbia. Our trees are not as tall as British Columbia pines. It seems that the product from that province is equivalent to that from western U.S. states, and that is why Americans are more reluctant.

Twenty-five per cent of all lumber comes from Quebec and over 50% is exported to the United States. I come from the Chaudière—Appalaches region, and this is an extremely urgent and important issue for that region. We have not heard from the member for Beauce, but it is an important issue for his region also. He did not think it was important enough to speak.

**An hon. member:** He did speak.

**Mr. Antoine Dubé:** If he spoke, I apologize. I followed the debate all day, except for a couple of hours during which I was absent, so I assume he spoke during that period. He will not have to make a statement tomorrow to ask me to make amends.

This issue is extremely important for all areas alongside the eastern border, including Kamouraska, Témiscouata, Bellechasse, Matapédia, all of eastern Quebec. The member for Charlevoix underlined the importance of this industry for all of eastern Quebec, on both shores of the St. Lawrence River. It is very important since it is the main source of employment in over 250 municipalities in Quebec. It is the industry that provides the largest number of jobs, even more than agriculture.

The Bloc Québécois has always been there and will always be there to defend Quebec's interests until we achieve sovereignty. In doing that, we see that from time to time the government realizes that the Bloc Québécois puts forward positive ideas that are not only in the interests of Quebecers but also in the interest of other Canadians.

We respect the fact that until Quebec achieves sovereignty any discussion on exports has to be viewed in a federal framework. I fully understood the comments made by the member for Yukon, but I do not see why he was so surprised that the members from the Bloc Québécois had properly welcomed the British Prime Minister, Tony Blair. We have always behaved properly in these kinds of circumstances. For us, Britain is an important economic partner. We also have to go back to history. Even in Quebec, in the national assembly, procedure is based on British procedure and we have always respected those rules.

I am delighted by the comments by the member for Yukon, but a little less by others aimed at recalling some negative situations due to statements by the current premier of Quebec. People seem to

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have taken offence. I would, however, like to remind everyone of a sad anniversary, the anniversary of passage of Bill C-20.

• (1715)

I thank all the members who will be supporting the Bloc Québécois motion and all those who spoken to this motion. It would have been even better if we had obtained the support of members of the New Democratic Party, but we understand their concern for consistency, considering the position they adopted earlier on free trade.

**The Acting Speaker (Ms. Bakopanos):** It being 5.15 p.m., pursuant to the order made earlier today, every question necessary to dispose of the business of supply is deemed to have been put, and the recorded division is deemed to have been demanded and deferred until Tuesday, March 20, 2001, at the end of government orders.

[English]

The Chair is seeking unanimous consent to see the clock at 5.30. Is there consent?

**Some hon. members:** Agreed.

**The Acting Speaker (Ms. Bakopanos):** It being 5.30 the House will now proceed to the consideration of private members' business as listed on today's order paper.

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## PRIVATE MEMBERS' BUSINESS

[English]

### PARLIAMENTARIANS' CODE OF CONDUCT

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC)** moved:

That, in the opinion of this House, the government should introduce legislation establishing a code of conduct for Members of Parliament and Senators, based on the March 1997 final report of the Special Joint Committee on a Code of Conduct of the Senate and the House of Commons.

He said: Madam Speaker, I am honoured to rise to put forward a motion that I believe is very important and relevant, not only in its timing but in its long-term implications for the Parliament of Canada.

This is a motion that would bring forward a code of conduct for members of parliament and senators. I would suggest with the greatest respect and deference to the report that was tabled by the current Speaker, the distinguished member for Kingston and the Islands, as well as the senator from Nova Scotia, Senator Oliver, the reference in this motion speaks of the Milliken-Oliver report which very much forms the basis of my motion.

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The issue on which all parties during the committee process were united was that we should try to strive for and aspire to a higher standard of conduct for members of parliament. It seems to have fallen by the wayside and has been put to one side. This is not an effort to reinvent the wheel. This is something that currently does not exist. This is a void in the way in which this place operates.

My submission is that this would very much enhance and protect the integrity of members of parliament. It would be a direct benefit to not only members of parliament, but to all Canadians by signalling our own desire to keep higher standards for all members. The failure to address the issue leaves us with lower standards than other jurisdictions. This includes other Canadian jurisdictions and international ones.

That is why one is left to wonder why we would not act or take the opportunity to put in place guidelines which would govern the behaviour of members of the Chamber. This is the sort of debate I would put to the House that if it was put to a vote it would allow all members of the House to express their support for such an exercise.

I say quite earnestly that this is not a motion that would tie us to any particular standard at this point. It is an exercise to engage all members in the drafting of such a code of conduct.

From that point, I again refer to the Milliken-Oliver report that would be the premise and a good starting point. There was significant research. There was a great deal of effort. With the greatest respect to the two drafters of that report, their efforts would be the jumping point to put forward a code of conduct for members of parliament.

Unfortunately, we will not have the ability to vote on this particular item. I suggest this sends a very wrong message. When the motion was presented to the committee, there was the usual practice in the process of trying to make this votable, and it was unfortunately turned down by the Liberal dominated committee. Why? As in the case with many issues, it would be politically damaging to the government. Surely it would rather just ignore the problems that exist. This, I suggest, deflects the cynicism. It further undermines public confidence in this place. It is an attitude, sadly, that we have become quite familiar with.

• (1720)

There is a recent example in the parliament of Great Britain where some senior members of parliament did not want the contract renewed for Miss Elizabeth Filkin, who is the British parliament's so-called sleaze watchdog. Her contract is to run out next year. Some feel that the movement by some senior members of parliament in Westminster to not have her contract renewed was very much tied to the fact that because she was doing such a good job in her capacity it was very threatening to some members of parliament.

It demonstrates that when an individual is there with proper powers and the respect of all members of parliament, there is an incredible ability to watch over all members of the House. There is the Damocles sword that hangs over the members. The attempt by some members in that legislature to ensure that this particular individual was not renewed demonstrates that in some instances members of parliament would prefer not to have that deterrent.

One can only wonder if that is in fact the case presently before us, the effort by the government not to have this code of conduct that would apply to all members. Never before have Canadians seen such a blatant disregard for parliamentary rules, than we have during the past seven and a half years of Liberal administration.

The most recent example was yesterday when the Minister of Justice's department provided a briefing and copies of a large omnibus piece of legislation to members of the media before members of parliament were given the opportunity to review that legislation. Sadly, we have seen and have become accustomed to the practice of legislation being announced in the parliamentary press gallery prior to members of parliament, who have been elected by the Canadian public, having the opportunity to review and comment fully on that legislation.

The practice to test initiatives in the media, I would suggest, is a long-standing practice. However, it has fallen further and further afield, and very much undermines the way in which the Chamber holds the respect of not only members but Canadians at large.

On February 8, 2001, and I know the Chair will recall this infamous date in this short parliament, there was a Reform opposition day in which the House was asked to adopt the policy that came directly from the Liberal red book and called for the implementation of it by the government. It policy states:

—a Liberal government will appoint an independent ethics counsellor to advise both public officials and lobbyists in the day to day application of the code of conduct for public officials. The ethics counsellor will be appointed after consultation with the leaders of all parties in the House of Commons and will report directly to Parliament.

In that instance, there was a motion debated here which essentially called upon the government to keep its word to fulfill a promise it had made. We have seen time and time again that the government has never shirked or shied away from saying one thing in a pre-election platform and after very quickly abandoning its promise to the Canadian public.

Speaking of credible members and leaving positions, we have the member opposite saying one thing while in opposition and another while in government. I am hearing an echoing over there.

During the supply day debate, the Parliamentary Secretary to the Government House Leader stated:

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Let me put it another issue to the hon. member. All of us in the House are busily holding forth on the issue of compliance with a code of conduct which would exist for ministers, for officeholders and for parliamentary secretaries. There is no code of conduct. For all of those here who are holding forth, there is no code of conduct for members of parliament. They are very willing to hoist upon the other officeholders a code of conduct, but not one element of a code of conduct applies to members in the House. That is business that we have to do.

Before we wax eloquent on what is missing in all of the other codes of conduct, I suggest we get our own House in order. I ask the hon. member to comment on that.

This was the parliamentary secretary's fine words on that sad day in parliament when he was chastising members of the opposition because they were calling on the government to do something that the opposition members themselves would not have to comply with.

• (1725)

I suspect the Parliamentary Secretary to the Government House Leader would do a perfect Olympic style, pike position backflip if he were given an opportunity to speak on this today. He would reverse himself and explain away and slink away from the statement if given the opportunity to speak. That, sadly, has become a common practice here. Liberal members, confronted with words that they said earlier in campaign mode, like saying that they would repeal free trade and get rid of the GST, are common words now that ring around the country when we examine the ethics of campaigning.

The red book promise has been shredded in terms of its credibility, but there is an opportunity to salvage some of that by supporting a motion that would hold members of parliament to a higher ethical standard than currently exists. For years parliamentarians have been trying in vain to address this issue.

On March 15, 1999, Bill C-488, a private member's bill to establish a parliamentarians' code of conduct was introduced. Like many pieces of useful legislation, it died on the order paper. It was reintroduced as a bill in the next session but again it died on the order paper when the pre-emptive election was called. Even the auditor general, an impartial servant of the House outside the Chamber, has expressed concern over the ethics of the government.

The auditor general, in Canada's most recent 2000 report, had one chapter entitled "Values and Ethics in the Federal Public Sector". In that chapter the auditor general summarized the history of unsuccessful attempts to develop a code of conduct for parliamentarians. He recommended that parliamentarians try again, arguing that it was very important to show ethical leadership for the public sector as a whole.

In 1994 the Prime Minister appointed the ethics counsellor insisting that in the end that the buck would stop with him. I will quote the Prime Minister from a speech he made on June 16, 1994, in which he stated:

There can be no substitute for responsibility at the top. The Prime Minister sets the moral tone for the government and must make the ultimate decisions when issues of trust or integrity are raised. That is what leadership is all about.

They are pretty powerful words but my how times have changed. The Prime Minister does not feel that he did anything wrong when he invited the president of the Business Development Bank to 24 Sussex to twist his arm to get a loan for a gentleman in his constituency. He does not feel there was anything wrong with lobbying the Business Development Bank by phone and in his living room to approve a \$615,000 loan for his good friend, Yvon Duhaime.

If this is the type of moral tone being set by the Prime Minister by backroom deals, government interference and trying to speed up or ensure the approval of questionable loans that are not based on merit, then it is not setting a good example. We need a higher code of conduct.

We need a completely independent ethics counsellor for a start, someone who would not report directly to the Prime Minister. However there has always been a focus on ethics with this Prime Minister and this government. They have always brought this issue into debate, yet they have never lived up to their words, not even close.

I will quote again from the red book, where it said:

We will follow the basic principle that government decisions must be made on the merits of a case rather than according to the political influence of those making the case.

That was from red book one, fairy book one, 1993.

The BDC rejected the \$615,000 loan application. After a couple of phone calls and visit from the Prime Minister, all of a sudden the lack of merit of the case was overlooked.

We understand this is an unprecedented constant guidance and involvement from the Prime Minister's office. There is no question about that. It has been borne out repeatedly by the evidence produced in the House.

At one point the Prime Minister said:

Since our election in October no goal has been more important to this government, or to me personally as Prime Minister, than restoring the trust of Canadians in their institutions.

This is laughable, given the conduct of the Prime Minister over the past number of years. Since trust could be restored through a code of conduct, why would members on the government bench resist such a genuine attempt to try to restore some of the confidence that Canadians once held in members of parliament?

I can also quote the Prime Minister, from red book one, when he said:

The integrity of government is put into question when there is a perception that the public agenda is set by lobbyists exercising undue influence away from public view.

• (1730)

Yet a recent court decision echoes similar concerns over political influence in the awarding of helicopter projects to replace the aging Sea Kings. We all recall the cancellation of the EH-101 project at a cost of \$500 million to taxpayers. It was all done with the simple stroke of a pen. The Prime Minister said he would take

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his pen and write zero, and that is what he did. It cost Canadian taxpayers \$500 million.

Yet the Prime Minister continues to maintain that he did nothing wrong in securing a loan for Mr. Duhaime in his constituency. The ethics counsellor was appointed by the Prime Minister and reports only to the Prime Minister, in private. We know of the recent revelations that there were problems in terms of locating just where those pesky shares went when they were sold to Mr. Prince. They somehow went off into the abyss. They were floating around out there and no one seems to be taking any kind of ownership of that.

Yet the most recent opportunity that the government had to clarify that was met with, yes, wait for it, who are they going to put in place to answer some of these pesky questions? Yes, it is going to be the Prime Minister's protector, the Prime Minister wannabe, Mini-Me, the Minister of Industry, who will be the person who will clear the Prime Minister again of any wrongdoing.

Canadians are going to be comforted. They are going to be able to sleep at night knowing that the Minister of Industry is going to clear the Prime Minister of any wrongdoing.

The Minister of Industry will similarly examine and, I am sure, instantaneously explore the circumstances surrounding this. Yes, the man who would be king will no doubt clear the emperor and his new clothes and find that there is nothing wrong.

It all demonstrates the need for a code of conduct in this place. I hope that all members would support the motion.

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, I am pleased to speak today on Motion No. 200 presented by the hon. member for Pictou—Antigonish—Guysborough, which requests that the government introduce legislation establishing a code of conduct for members of parliament and senators.

I note that my hon. colleague has drawn on the work accomplished by the special joint committee of the Senate and the House of Commons on a code of conduct, which was established by the government in 1995. Specifically my hon. colleague refers to the committee's final report, which proposed a code to be administered by the House and the Senate that drew on many of the common elements raised during the testimony of its witnesses over the course of a two year indepth study.

For example, the committee mentioned the following: that a list of principles should precede such a code; that a commissioner or a body be appointed to provide advice, take disclosures and enforce the code, as does the ethics counsellor for ministers and parliamentary secretaries now; the need for general rules against parliamentarians improperly using influence and insider information to

further their private interests; the importance of dealing with disclosure of assets and interests; the need to address gifts, personal benefits and sponsored travel; the importance of clarifying the area of government contracting; and recognizing the distinction between the legislature and the executive by recommending that a permanent committee be established to administer such a code.

The special joint committee heard from many witnesses, including the federal ethics counsellor, the privacy commissioner, academics in the field, political scientists, respected members of the media and several provincial commissioners of ethics. At the time, both sides of the House and the other place could not agree on this report or on the proposal.

The motion before us here today is very different. It calls for a legislated parliamentary code rather than a code adopted and administered by the House and the other place itself. Indeed, the final report of that special committee, referred to in my hon. friend's motion, recommended against such a legislated parliamentary code. It was felt that such an approach would make any code too rigid to administer and difficult to adapt to evolving circumstances.

• (1735)

Special joint committee members expressed further concern that a legislated code might invite judicial interference in internal parliamentary procedures. Consequently, the committee recommended that a code be implemented by resolutions in each Chamber. That of course is different from a legislated statutory code of ethics.

As I mentioned earlier, the special joint committee's report was not adopted because members of parliament themselves could not agree to adopt the report. I recall as an individual member at the time being generally in support of having a code but asking if such a code would necessarily have to involve spouses of parliamentarians. There were one or two spouses of parliamentarians at the time who essentially told us to go to hell, saying that they would not have their personal lives interfered with because of the fact that their spouses happened to be members of parliament and that their personal business dealings would not be made part of the public record.

That was just one of the obstacles members had to encounter at that time. That was for ordinary members of parliament, not for cabinet ministers, recalling, of course, that cabinet ministers and parliamentary secretaries in this place are already subject to a code of ethics.

The challenge lies in the lack of agreement in the House, including the lack of agreement within parties in the House. For its

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part, the government has taken specific actions on integrity and ethics, including the appointment of the first ever ethics counsellor in the history of Canada, who provides advice on issues relating to matters of conflict of interest and the ethical conduct of government officials, including ministers and parliamentary secretaries, and who reports to parliament on his duties and investigations under the Lobbyists Registration Act.

There is a new conflict of interest code for public office holders, which sets out principles and clear rules for all public office holders. That includes ministers, secretaries of state, parliamentary secretaries, ministerial staff and full time governor in council appointees. It was tabled in the House in 1994. That code of ethics has been functioning well for seven years, notwithstanding the jaded view of the opposition in the House.

In addition, the Lobbyists Registration Act amendments increase the transparency of lobbying activities. All lobbyists now have to reveal more about their projects and their fees and are prohibited from including contingency fees in their contracts.

The government has delivered on commitments to improve the standards of ethical behaviour in government, but the issue of ethics and a code of conduct for parliamentarians is not one for the government alone. It is an issue for all members of parliament and for senators. A code of conduct is a matter which all parliamentarians have and must have an interest in. It is a matter that should have the support and agreement of all members of the House and the other Chamber.

Until now, members have decided to rely on informal mechanisms rather than adopt a formal code administered by the House and Senate. That is for ordinary members of parliament and does not refer to ministers and parliamentary secretaries. A legislated code would appear to run counter to that view, as well as counter to the advice in 1997 of the joint committee's report.

For these reasons, I urge members to reconsider this and, in fact, not support this motion, which would in the end impose a piece of legislation, a statute codifying a code of ethics. Rather, I urge members to consider the template and mechanism of having a code of ethics adopted and administered by the House and a similar, if not identical, code of ethics adopted and administered by senators, members of parliament in the other place.

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Madam Speaker, I would like to commend my colleague, the member for Pictou—Antigonish—Guysborough, for bringing forward this important motion. This is a topic that has garnered the attention of many people across the country and obviously of all members of parliament, because as elected people in the country who are representing our constituents we want to provide leadership.

• (1740)

We have seen some examples of difficulties with ethical behaviour or the appearance of conflict in regard to the Prime Minister's dealings in Shawinigan, which is well documented and which I will be touching on.

I spent 10 years as a teacher before I became a member of parliament. I know that there was a very well defined code of conduct that we had as educators who are put in positions of trust working with children, parents, colleagues and different levels of the administration. If that code of conduct was compromised, of course there were some very serious consequences.

It is worth revisiting this notion of having a code of conduct for members of parliament. We would hope that there would be sound judgment used by all members at all times and that such a debate would not be necessary, but it seems as though some examples have brought this forward again and there does need to be a code of conduct.

I want to touch on a particular example that was brought to my attention regarding the actions of one of our current colleagues, that being the member for Waterloo—Wellington, in his riding during the recent federal election. He is a parliamentary secretary. He represents a minister of the crown. He wrote a letter during the campaign which was viewed as very inappropriate by members of his own community. I will not go into all of the specifics, but perhaps I will highlight some of the things the community mentioned.

The member for Waterloo—Wellington wrote a letter which residents of the Morningside Retirement Village in New Hamburg in his riding were very concerned about. In fact, they were shocked that such a provocative letter from the incumbent member would come forward. In fact, I will quote directly from a member of the community. Maryjean Brown, the director of a retirement complex within the community, said "I couldn't believe that kind of letter could be read at that kind of gathering of people".

Basically what happened was that the member of parliament wrote a letter attacking some of the members of this retirement community for some of their alleged responses to somebody who worked for him.

I will quote from the letter the member wrote. He stated:

The reason I raise this with you is because we discreetly followed half of these men and were astounded to discover they were residents of Morningside.

He went on to say that he understands that most of the residents are "decent, law-abiding, God-fearing and kind individuals" but then said:

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Next time this occurs, I will be pressing charges against these weak and hideous men under the Ontario Human Rights Code, and will be happy to make their name or names national headlines across Canada.

This was something one of our colleagues wrote in a letter on his parliamentary secretary letterhead to people in his community during the election campaign, which the people of the community viewed as very inappropriate. Obviously on the face of it, I think all of us would be surprised by such a thing. This was an issue that was brought forward during the campaign. Some of the people in the community commented on this and were quite surprised by this action. I will again quote again Ms. Brown, the director of the retirement village, who said:

If it had to be brought up, it should have been brought up by himself instead of sending somebody else to do his dirty work. Everybody here is very, very upset about it.

He had this letter read at a public meeting rather than attending himself.

This is a very specific example of a member who is one of our colleagues and who used his privileges as a parliamentary secretary in a way which many would deem to be inappropriate. If members have difficulty with lack of judgment in this kind of example, then I think it is a thing we need to discuss as members, because we need to be showing leadership in this area.

• (1745)

I will turn from that unfortunate incident to talk a bit about the Shawinigan affair. I will also rebut a few of the comments made by my colleague, the parliamentary secretary to the government House leader, when he talked about the ethics counsellor.

My colleague for Pictou—Antigonish—Guysborough gave a good summary of the ethics counsellor debate that we had not long ago and how the government voted down a promise in its own red book. It was a motion brought forward by the Alliance and supported by all members in the House.

My colleague from the government side mentioned that the ethics counsellor does report to parliament. What he neglected to point out was that he reports to parliament at committee when called as a witness for estimates or some other thing. What my colleague did not say, because it is not the case, is that reports by the ethics counsellor are not tabled in the House of Commons. The ethics counsellor does not report directly to parliament on any investigations or provide any information, such as was brought forward with the Shawinigan case.

The Canadian Alliance had a motion before the House that would have required the ethics counsellor to report to the House and to table reports in the House so that all members could be made aware of the facts. It would have been a far greater thing for members of cabinet to be cleared of any wrongdoing. If all documents and reports were tabled before the House and there was

no wrongdoing there would be no wondering about what was in the report. It would be a good thing.

We certainly could not understand why the government defeated our motion, which was, in large part I believe, some of my Conservative colleague's motivation for bringing forward his motion today. We need to have a debate about ethical conduct in the House of Commons.

It is unfortunate that the circumstances surrounding the Prime Minister on a daily basis have not gone away and continue to percolate, even today in question period. Circumstances like that are ones that bring into question the ethical behaviour of members of parliament.

British Columbia has a very strict code of conduct for members of the legislative assembly. I have talked to some members of the provincial government who have told me that their code of conduct legislation states that even if there is an appearance of a conflict of interest an investigation will be done and, from what I understand, such reports are tabled in the provincial legislature. That is far different from the ethics counsellor process we have debated here today.

We should be considering some changes. If we want to restore confidence in this place in the minds and hearts of people, then we need to work together on many issues in the House. We have done that on some occasions in this parliament already. We did so on the motion in regard to the sex offender registry, which we voted on this week. In large part, we had agreement today in the softwood lumber debate. We did not have the same agreement on the ethics counsellor motion, which was unfortunate because it was designed to restore confidence in the minds of those we govern that we are serious about ethical behaviour.

Members of the Alliance Party will continue to work together to find ways to solve important issues in this place. I commend my colleague for bringing forward this important motion.

[Translation]

**Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ):** Madam Speaker, first, I commend the member for Pictou—Antigonish—Guysborough for bringing forward Motion No. 200.

The motions reads as follows:

That, in the opinion of this House, the government should introduce legislation establishing a code of conduct for Members of Parliament and Senators, based on the March 1997 final report of the Special Joint Committee on a Code of Conduct of the Senate and the House of Commons.

• (1750)

As we can see in the motion, the initiative of our colleague from Pictou—Antigonish—Guysborough is based on the March 1997 report by the special joint committee on a code of conduct of the

Senate and the House of Commons and urges our institution to introduce a much stricter code of conduct than the current one.

We can only commend the hon. member for an initiative that would essentially provide for more openness and integrity in the governance of our nation. So it would be in order, as I said, to thank and commend the hon. member for Pictou—Antigonish—Guysborough for his motion.

However, I am always surprised when I see my colleague, the Parliamentary Secretary to the Leader of the Government in the House, putting a damper on the whole issue of a so-called code of conduct, because I am sure everyone knows that it is not the first time that such an issue is put before the House.

Our former colleague, Gordon Earle, introduced two bills on this issue: Bill C-488, during the first session of the 36th parliament, and Bill C-226, during the second session. Unfortunately both bills were not made votable.

But on December 16, 1999, we had the opportunity to discuss the last version of the bill introduced by Mr. Earle, that is Bill C-226. The Parliamentary Secretary to the Leader of the Government in the House came up with the same arguments as before, with lots of euphemisms, to say how important it is for members of parliament to have a code of conduct, and that parliamentary practice has over time led to the establishment of certain rules, and that it would therefore be utterly pointless to enshrine such a code of conduct in the legislation.

Instead, he asked us, as he did earlier and as he did in 1999, to take a close look at the rules that we have given ourselves over time, to make sure these rules are respected. However he remained totally vague regarding how the rules would be applied, who would be responsible for their implementation and what the sanctions would be, where appropriate.

Of course there are rules. The Parliamentary Secretary to the Leader of the Government in the House of Commons is right when he says that, over time, a number of rules were put in place through the various acts, rules of the House and established practices, but have these rules prevented some rather dubious things from happening here in recent years? Of course not.

We are currently in the midst of a scandal that has come to be known as Shawinigate, and the Prime Minister himself refuses to lift the shroud of suspicion by tabling documents that would prove beyond a reasonable doubt that he was not in a conflict of interest.

If, today, we are once again forced to discuss such issues and confronted to this kind of situation, it is obviously because the current rules do not achieve the objective pursued. We must therefore give ourselves more compelling rules. There is no doubt in my mind about that.

Yesterday the hon. member for Halifax tabled another bill, Bill C-299, to establish a code of conduct for members of parliament

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and senators. We will know later if this bill will be approved by the subcommittee on private members' business, so that it can eventually be put to a vote in the House after having been selected as a votable item through the luck of the draw.

• (1755)

The fact is that the members opposite do not seem very eager to debate this type of issue. Just recently the government defeated a motion brought forward by the Canadian Alliance, the official opposition, in which it was simply asking the government to honour a promise made by the Liberal Party in the 1993 red book, which reads as follows:

A Liberal government will appoint an independent Ethics Counsellor to advise both public officials and lobbyists in the day-to-day application of the Code of Conduct for Public Officials. The Ethics Counsellor will be appointed after consultation with the leaders of all parties in the House of Commons and will report directly to Parliament.

There is another promise that has fallen by the wayside, because the government voted against the motion. It no longer agrees that the House should appoint an ethics counsellor who would oversee the application of a code of conduct adopted by the House and who would report directly to the House.

The government got itself elected in 1993 by telling Canadians that it would bring in the necessary reforms so as to restore their confidence in public institutions and in the integrity of politicians.

What has this government done since it took office? Absolutely nothing. On the contrary, it had the opportunity to bring in major changes to the Canada Elections Act. What did these important changes turn into? They turned into a large number of changes, certainly, but mostly technical and cosmetic changes. It could have undertaken major reforms to help Canadians and Quebecers find their way through our electoral system, but it has not seen fit to do so.

It could have changed the rules governing the financing of political parties. We can understand that a political party generously funded by corporations, which takes the power and finds itself in front of the pork barrel, may feel an obligation to return favours.

The present rules governing the financing of political parties are an invitation to the government to fail to respect the highest standards of integrity.

I understand the motives of the member for Pictou—Antigonish—Guysborough for introducing his motion. That being said, I think I must reiterate what I said during the debate on Bill C-226 introduced by our colleague, Mr. Earle, and that is that it may be somewhat premature to consider adopting a code of conduct for members of parliament and senators.

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We should start by looking into a code of conduct for people around the cabinet, the members of cabinet themselves, parliamentary secretaries, senior civil servants, people who have access on a daily basis to privileged information, people who spend taxpayers money on all kinds of subsidies and who, if we put together the refusal to reform the Canada Elections Act with respect to the financing of political parties and the refusal to adopt a code of conduct for ministers and members of cabinet, could put themselves in rather embarrassing positions.

Since my time is almost up, I will conclude by saying that we would have hoped that, contrary to what the parliamentary secretary to the government House leader suggested in his remarks, the government would be more open to such a reform. Since it has shown very little openness so far to electoral reform, parliamentary reform, the introduction of a code of conduct and the appointment by parliament of an ethics counsellor who would be accountable to parliament, we should not be surprised by the remarks made this afternoon by the Parliamentary Secretary to the Leader of the Government in the House of Commons.

• (1800)

[English]

**Ms. Wendy Lill (Dartmouth, NDP):** Madam Speaker, I am pleased to speak in favour of Motion No. 200, tabled by the hon. member for Pictou—Antigonish—Guysborough, which reads:

That, in the opinion of this House, the government should introduce legislation establishing a code of conduct for Members of Parliament and Senators, based on the March 1997 final report of the Special Joint Committee on a Code of Conduct of the Senate and the House of Commons.

The House of Commons, this exquisite Chamber of vaulted ceilings, carved wood and coloured glass, is the heart of our democratic system. Yet, when Canadians watch us in question period on TV they see us caterwauling and jeering. They see our junior high antics and some very low grade behaviour. We all know that does not serve us well.

If they see this place as a sideshow, as a zoo, by extension they see us, their representatives and their members of parliament, as objects of scorn and derision. That is something we have to clean up. We have to clean up our act, real or perceived. We have to make sure that this place does not suffer from the shame of bad behaviour.

That brings us back to the motion and the idea of a code of conduct. It is not the first time that the House has grappled with the issue over the years. On December 16, 1999, the House debated Bill C-226, an act to establish a parliamentarian's code of conduct, brought in by Gordon Earle, the former NDP member for Halifax West. That bill would have gone a long way to move this item along on the agenda.

In that debate Gordon Earle stated that the bill would in fact be realistic and would reflect in the provincial legislatures and in other nations' assemblies. This code of conduct would raise the level of integrity of our parliament. The bill was rooted in very practical and legitimate concerns that Canadians hold about their parliament.

His bill was based on the following principles. Parliamentarians should have the highest ethical standards so as to maintain and enhance public confidence and trust in the integrity of parliamentarians and parliament. Parliamentarians should perform their official duties and arrange their private affairs in a manner that would bear the closest public scrutiny. Parliamentarians should avoid placing themselves under any financial or other obligation that may influence them in the performance of their official duties. Parliamentarians upon entering office should arrange their private affairs to prevent real or apparent conflict of interest. If such do arise, it should be resolved in a way that protects the public interest.

As well, under that bill all parliamentarians would have to disclose all official travel when the cost exceeded \$250 in cases where the trip was not completely paid for by parliament or by one of the few officially recognized sponsors.

No parliamentarians would be permitted to be a party to a contract with the Government of Canada under which the parliamentarian received a benefit. Parliamentarians would be required to make a disclosure of all assets once every calendar year and would be required to make public disclosure of the nature although not the value of all assets each year. Finally, to ensure that the public interest and the highest standards were upheld, there would be an ethics counsellor to advise parliamentarians on any question relating to conduct.

I am pleased to say that Gordon Earle's private member's bill was reintroduced yesterday by our leader, the member for Halifax. She reintroduced legislation to establish a code of conduct for MPs and an ethics counsellor who would report on an annual basis directly to parliament, not to the Prime Minister's Office.

If such a code already existed, Canadians might have been spared the unseemly spectacle of the Shawinigan situation and the whole controversy surrounding the opposition leader's defamation suit and how it was handled financially.

• (1805)

In closing I would say that it is time we re-addressed the erosion of public confidence in parliament and in parliamentarians. It is time to help MPs deal with complicated ethical issues, to restore their faith in the institution of parliament and to provide them with a clear rule book on issues of ethics and conflict of interest.

I thank the member for Pictou—Antigonish—Guysborough for moving the motion and providing me with the opportunity to speak this evening on this important issue.

**Mr. John Bryden (Ancaster—Dundas—Flamborough—Aldershot, Lib.):** Madam Speaker, I would begin by expressing my sadness that private members' hour has been turned into a partisan debate and an attack on the governing party, and the Prime Minister in particular.

I mention that because in the last parliament it was understood by both sides of the House, by all parties and all backbenchers, that private members' business would be dedicated to private members' issues and bills in a non-partisan way. I am very distressed that this rule has been broken.

I would observe first that the member for Pictou—Antigonish—Guysborough began his remarks by saying that his motion was made non-votable because of the Liberal dominated subcommittee on private members' business. Liberal dominated were the exact words he used.

Well, Madam Speaker, I will tell you that there is only one Liberal on that subcommittee and four opposition members. If he has a problem in making his motion votable, it is a problem on the opposition side, not on the Liberal side.

Having said that, what disappoints me is the issue of a code of conduct for MPs, which is an important issue. The report of the senate joint committee was an excellent report. It dealt with gifts. It set a ceiling on gifts which was very important because not every member comes from communities where they realize that it is not right to take expensive gifts from other people in the context of their duties. The ceiling was set at \$250, and I thought that was a little high actually.

There were provisions for travel by corporations and companies that were offering what is known in the newspaper trade as freebies. All of this was very good but it was not something that had to be in legislation. It not only could have been dealt with by resolution, but I say to the member for Pictou—Antigonish—Guysborough, that if he really believes in the principles expressed by the senate joint committee, then he should get his leader to stand and say that he supports those principles and that they should serve as guidelines in his own caucus.

It could be done. It does not require legislation. All it requires is the various leaders of the parties simply saying that they agree in principle and then individual MPs could act according to their consciences. It would be an enormous step forward.

I would hope that the leader of the fifth party would actually address that, not only in spirit but in the practical sense. Maybe he would be required to disclose not only his assets and his salaries

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but the salaries of his wife. I wonder whether his wife would even agree with it. I do not know. It would be a very interesting test.

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Madam Speaker, I am very pleased to speak to Motion No. 200 put forward by the hon. member for Pictou—Antigonish—Guysborough because it is very close to my heart.

I was shocked to hear the hon. member from the Liberal side say that the motion had no relevance. It is very relevant and there is a need for the government to introduce legislation establishing a code of conduct for members of parliament and senators. This is the highest Chamber in the nation.

On the other hand, even professionals, like doctors, lawyers, insurance agents and real estate agents, have a code of conduct for their members.

No wonder voter turnout has been falling. We need to restore the public's trust in the reputation, credibility and integrity of members of parliament in this House. There is a need to restore the reputation, credibility, integrity and faith in politicians. There is a need to set a higher bar for members of parliament and set an example for Canadians.

• (1810)

I believe there is a need to address the issue of conflict of interest, particularly in light of the shadow hanging over the Prime Minister over the ethics issue. Look at the government's record on patronage and its record of handing out grants and contributions and tying them to the donations given to the political party.

All these issues make it so important for us to have this code of conduct. It cannot be confidential, as the government states. I emphasize the need to establish a code of conduct for parliamentarians.

**Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC):** Madam Speaker, I want to thank all hon. members on this side of the House who spoke so favourably and eloquently with respect to the motion.

I also want to acknowledge Gordon Earle and his attempts to bring forward a similar motion.

I take some umbrage with the unprovoked attack on the leader of the Conservative Party. I do not think there is anybody in the Chamber who has set a higher ethical standard. He is a man of pristine ethical performance in this Chamber with unchallenged ethical standards.

Yet when I look back again over the words of the parliamentary secretary, on February 8, we see the melting of that moral outrage like the snow outside. There is not even placid consideration of his own words based on what he said in the House today. There is not even a consideration that this might be a good idea, even though

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just a few short weeks ago he called for this very motion. It is very disappointing that a member with his length of service in the House would back away from his words so artfully. The devil is in the details.

I would suggest that no honest politician could ever be hurt by the implementation of a code of conduct, nor, for that matter, the appointment of an independent ethics counsellor to report to parliament.

I hear a lot of chirping from the chipmunks across the way.

I want to refer again to the joint committee's report which was authored by the current Speaker, a member of the governing party. It touches on some important principles. It speaks of ethical standards, public scrutiny, independence, public interest, gifts and benefits, something the hon. member said just moments ago that he was concerned about. Again those words ring hollow. Why would we not want to delve into issues of furthering private interest, using influence, insider information, declaration of interest, gifts and benefits?

These are all the subject matter of the report that was tabled and put forward by the current Speaker and Senator Oliver in the other place. Why would we not want to try to improve the tarnished image of this place? Why would we not want to try to raise the bar somehow of what has occurred over the past number of years under the current government?

The legacy of the Prime Minister is that he has lowered the ethical standards. I do not say that personally. I am referring to the comments that were made by Gordon Robertson, a retired clerk of the Privy Council and the head of the Public Service of Canada, who served under Prime Ministers King, St. Laurent, Pearson and Trudeau. In the Toronto *Star* on January 6, speaking of the current ethical standards of the Prime Minister, Mr. Robertson said:

What happened in Shawinigan never would have met the standard set in Pearson's code of ethics. I should know—I drafted it. This Prime Minister has lowered the bar.

The legacy of this Prime Minister is that he has lowered the bar, the erosion of public confidence.

Canadians want to have faith. They very much want to have faith in the ethical standards.

**Some hon. members:** Oh, oh.

**The Acting Speaker (Ms. Bakopanos):** I know it is at the end of the day, but I would caution the hon. members to be careful of the language they use in the House, including the member for Pictou—Antigonish—Guysborough.

**Mr. Peter MacKay:** Madam Speaker, I will govern myself accordingly.

Canadians want to have faith in their elected representatives. They very much want to believe that their politicians are here for a strong purpose and are behaving within a higher standard.

• (1815)

It takes a long time to build trust, and that faith is particularly shaken by the performance of the government. If we are to even start to move toward having a higher standard we should have a tangible place to go when we examine the conduct of members of parliament.

It is unfortunate that the government House leader's parliamentary secretary did not at least take the opportunity to put forward some other alternative. He made an oblique, vague reference to the fact that we could not do it because it would be legislated.

He should put forward some other alternatives or bring forward some original ideas. We would be more than happy to wrap our arms around them because this is an issue of non-partisan importance in the Chamber. If Canadians could see a demonstrated effort on the part of all members of parliament they would appreciate it.

I will end by asking that there be unanimous consent that the matter be made votable. I know this is once again a leap of faith and that it will not happen, but I would ask that the motion be made votable. I know we will get a resounding no from the government side.

**The Acting Speaker (Ms. Bakopanos):** Is there unanimous consent?

**Some hon. members:** Agreed.

**Some hon. members:** No.

[Translation]

**The Acting Speaker (Ms. Bakopanos):** The hour provided for the consideration of private members' business has now expired. As the motion has not been designated as a votable item, the order is dropped from the order paper.

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## ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 is deemed to have been moved.

ETHICS COUNSELLOR

**Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance):** Madam Speaker, on February 19 I asked two questions about the ongoing Shawinigan scandal involving the Prime Minister in the Grand-Mère Golf Club. The answers provided by the Deputy Prime Minister were simply unsatisfactory.

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Let us examine the facts around the Prime Minister's ownership of the golf course. He apparently sold his shares in 1993 upon becoming Prime Minister. However that deal fell through and the Prime Minister did not receive payment. He contacted the ethics counsellor to inform him of this and the ethics counsellor has admitted the Prime Minister could have lost money on his investment had the value of the golf course property decreased.

One way to ensure the value of the golf course property did not decrease was by ensuring the neighbouring Grand-Mère Inn remained afloat financially. This is where the Prime Minister became involved and how taxpayer dollars started to flow.

Here are the facts. First, a \$164,000 TJF grant was given for expansion of the inn. By the way, the owner who took the inn off the Prime Minister's hands, a friend of the Prime Minister named Yvon Duhaime, had been convicted of drunk driving, assault and uttering threats. Unfortunately he forgot to mention those details when applying for the grant. I wonder why.

We have since learned that he was involved in a high speed chase through Shawinigan going 127 kilometres an hour in a 50 kilometre an hour zone and was again charged with drunk driving. This is the person who was apparently just a constituent of the Prime Minister's. He was a friend of the Prime Minister, a fairly unsavoury character who had been involved in all kinds of things.

Second, there is the famous loan for \$615,000 from the Business Development Bank to the inn which the Prime Minister helped arrange via personal phone calls to the president of the bank. The Prime Minister in a 1999 letter to the *National Post*, said he had no direct or indirect personal connection with the hotel. Revelations to the contrary have since become common knowledge. By the way, the president, Mr. Beaudoin, was fired shortly after the bank called in the loan.

Third, \$2.3 million was put into the inn via the immigrant investor fund. The Prime Minister met with Louis Leblanc, a broker who organized where the funds were directed. The next day, March 1, 1996, the money started to flow. By the way, the Prime Minister originally denied that immigrant investor funds had been sunk into the inn. It has become crystal clear that the Prime Minister has been very involved in the Grand-Mère Inn.

The Prime Minister helped secure funds for his friend and owner of the inn. As a byproduct it can be argued that he helped ensure that he did not lose on the value of the golf course shares for which he was not paid until 1999. It is clear to Canadians that the shenanigans in Shawinigan involving the Prime Minister remain unanswered.

Why has the Prime Minister told so many different versions about his involvement with the shares of his golf course and about his involvement with the BDC loan for his friend?

• (1820)

Why will the Prime Minister not clear the air by undertaking an independent inquiry into all the details in his own backyard? What is it that the Prime Minister does not want Canadians to know in regard to his dealings with these shaky situations in Shawinigan?

Canadians want answers to these very serious questions. When will they be answered by the Prime Minister?

**Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Madam Speaker, the Prime Minister of Canada has explained to the House on numerous occasions that he sold his shares in the golf course prior to becoming Prime Minister and that they have never returned to his possession.

All relevant documentation has been reviewed by the ethics counsellor who told the industry committee, on May 6, 1999, that he had reviewed the agreement of sale. He described that agreement as follows:

—it is unambiguous in language; it's fairly simple. There is no basis for anybody trying to . . . say that there was an option aspect to it. . . It was a sale, and it was an unsecured sale.

He added to this statement by saying:

I know the Prime Minister doesn't own the shares and has not owned the shares since November 1, 1993, which, from my point of view, is the only issue.

Both the Leader of the Opposition and the leader of the Conservative Party asked the ethics counsellor for further clarification of the matter during the recent election campaign. Once again, the ethics counsellor confirmed that the Prime Minister had absolutely no financial interest in the golf course or in a nearby hotel when he assumed office.

Perhaps I should remind members that what is at the core of this issue is a hotel expansion project in the Prime Minister's riding which received the support of the local *caisse populaire* as well as the *Fonds de solidarité des travailleurs du Québec*.

The project created 19 new jobs. The hotel is open for business and employs over 60 people in an area of high unemployment.

Maybe it is time the opposition dropped this fishing expedition and started dealing with matters of real importance to Canadians.

**The Acting Speaker (Ms. Bakopanos):** The motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.22 p.m.)





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