

Some critics have predicted massive job losses resulting from our agreement.

As a federal Minister of course I am always concerned about the employment effects of government actions, but we must recognize a few points. First, the forest industry has always been a cyclical one with ups and downs. Second, as the shakes and shingle tariff has shown, the effects of a tariff or charge are difficult to predict. The NDP were maintaining that thousands of people would be laid off and that terror would reign in the woods. As a matter of record, that industry, although it has suffered, has in no way experienced nearly the catastrophe which the NDP suggested.

I can also say that the IWA has made the following clear, in terms of job loss in its letter to me:

The second assumption is that the Canadian sawmilling industry will be unable to compete under the burden of a 15 per cent export levy. We regret the fact that not all Canadian sawmills will survive, and that some jobs will be lost.

As of course does the Government. It continues:

It should not be assumed, however, that a substantial portion of the Canadian sawmilling industry will disappear.

In its letter it gives some well reasoned arguments why.

Where do we go from here? Last week I, along with my colleague, the very able Minister of State for Forestry and Mines (Mr. Merrithew), met with the provincial Ministers. We reviewed the agreement. A federal-provincial task force has been established to review all aspects relating to the implementation of the agreement. We will have a subgroup of forest Ministers, headed by the Hon. Len Simms of Newfoundland, which will study the matter of replacement measures. We will work together to ensure that we iron out the problems which the industry faces.

Before closing, I want to deal with some side issues which have been raised today in debate or in the newspapers. First, one of our colleagues from New Brunswick is worried about the impact on his province. I want to point out that the Government of Canada maintained for his province the 92 per cent exemption on lumber exports contained in the preliminary. In the preliminary decision, 20 firms won an exemption, and 92 per cent of New Brunswick's exports were thus protected. In the negotiations and in the final determination mechanism, the U.S. was moving to take away those exemptions and to expose the New Brunswick industry. We fought for New Brunswick and we maintained the exemption.

In the so-called Dennison letter, which is a self-serving letter, the U.S. told lumber producers, in effect, all the things they could not win at the bargaining table. It is a side letter which has no standing in Canada. It is a side letter which the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) is trotting around as some sort of legal document. He knows that the negotiator for the U.S. side told him that it was a letter for Americans, that it had no standing. He was told that personally by the U.S. negotiator in Washington last week. Knowing

that, and having been told that it has no standing for Canadians, he still purports that this is some kind of legal document, and that is misleading the public.

The NDP today in, I hope, an innocent error suggested that the export tax would apply to the added value of manufactured products. That is not true. We negotiated very hard.

Mr. Blackburn (Brant): I checked half an hour ago.

Miss Carney: The Hon. Member said he checked. He did not check with us.

Mr. Blackburn (Brant): A half an hour ago.

Miss Carney: He did not check with the Government of Canada because we negotiated an arrangement where the tax applies only to the lumber inputs, not to the added value.

Mr. Blackburn (Brant): Phone your people in London, Ontario.

Miss Carney: I refer the Hon. Member to the agreement. That was the second last clause that we dealt with. This too is better than a countervail because a countervail would have been applied to the whole product, as the New Democratic Party was suggesting.

In terms of jobs, I want to point out that the Members of the NDP travelled around this country with a task force and, as the media reported, they could not find any lay-offs directly attributable to the export tax, which is quite proper. This is a period of cyclical downturn for some mills and employment is related to the market.

Just one final point, Mr. Speaker. There were suggestions during these discussions that this agreement would be so bad for the industry that it would be paralysed. After seeing some of the statements, I thought people would be leaping out of windows and that terrible things would be happening to the forestry industry. It is worth noting that the market says differently. Stocks of those companies have gone up dramatically since this agreement.

The Chairman of MacMillan Bloedel said that this agreement would paralyse us and that thousands of people would be laid off, but his stock market price at December 29 was \$41-7/8 while on January 18 it was \$49.50, a 21 per cent increase. That is not bad. I know the stock. It is probably the best increase it has ever achieved in anything like that time frame.