

We were criticized for our decision to seek a negotiated solution to this dispute and there were dire predictions from our critics that the export charge would result in shutdowns and layoffs in the industry. Our critics were wrong.

A study issued November 20, 1987, by Doug Smyth of the IWA-Canada provides an authoritative assessment of the impact of the export charge on employment in the Canadian lumber industry. This study concludes that "the massive job losses which many Canadian observers believed would surely result from the imposition of the 15 percent export tax on softwood lumber shipments to the United States during 1987 simply have not occurred". Altogether 600 new jobs were added in British Columbia alone between January and September 1987.

The IWA study also shows that during the first eight months of 1987 Canadian lumber production exceeded comparable 1986 output by more than five percent. After noting that the few sawmill closures announced throughout Canada during 1987 were caused by a number of factors, the study concludes that "in no instance that we know of can the export tax be directly blamed as the sole cause of the closure".

Overall, the study concludes: "It is clear, therefore, that the dire predictions of declining profits, production cutbacks and sawmill job losses ranging from 5,000 to 20,000 positions during 1987 have simply not come to pass".

The main elements of the agreement which I am tabling today are as follows:

The value of B.C. replacement measures constitutes full replacement of the export charge on softwood lumber products milled in B.C. and exported to the U.S. after November 30, 1987. Termination of the export charge for lumber milled in British Columbia eliminates the unfair burden on lumber remanufacturers in that province. B.C. will be able to rebate to remanufacturers any export charge paid with respect to softwood lumber products shipped after October 31.

Secondly, effective January 1, 1988, all softwood lumber products milled in the four Atlantic provinces will be exempt from the export charge.