

On May 9, 1996, the ITC released an affirmative preliminary determination, finding a reasonable indication that the domestic industry was threatened with material injury by reason of allegedly subsidized imports from Canada. Based on the combination of declining U.S. demand, the rise in available capacity in the United States and Canada, the rise in subject import volumes and market share, and the evidence of intensifying downward price pressure from subject imports, the ITC found that subject imports were likely to have a significant adverse impact on the condition of the domestic industry, and that these factors provided a reasonable indication of a real and imminent threat of material injury.

On June 7, 1996, Commerce extended the deadline for its preliminary determination in order to investigate the petitioner's allegations that the Canadian respondent, Nilus Leclere Inc. and Industries Leclere Inc. (Leclere), received upstream subsidies through its purchase of lumber from suppliers who had harvested stumpage from Quebec's public forests. The allegation provided reasonable grounds for Commerce to believe that stumpage subsidies provided by the Government of Quebec were being passed through to Leclere pursuant to the purchase of hardwood lumber from suppliers. However, Commerce found that Leclere purchased lumber from both allegedly subsidized and unsubsidized suppliers, and that the price paid for the allegedly subsidized lumber was generally equal to or more expensive than that for the unsubsidized lumber. Accordingly, Commerce made a preliminary determination that Leclere did not receive an upstream subsidy.

On November 20, 1996, Commerce released a preliminary negative countervailing duty determination. The total estimated preliminary net countervailable subsidy rate for Leclere was 0.31%, which was *de minimis*. Eric Flooring & Wood Products (Eric) and Milner received zero subsidies during the period of investigation (calendar year 1995). The only subsidy received by Industrial Hardwood Products Ltd., located in Ontario, was for consulting services pursuant to the Industrial Research Assistance Program.

Commerce determined without further calculation that even if this assistance constituted a countervailable subsidy, the rate would be *de minimis*. Hence, Eric, Milner and Industrial Hardwood Products were excluded from the investigation.

Accordingly, the total estimated preliminary net countervailable subsidy rate for Leclere, the one remaining firm, was 0.31%, a *de minimis* rate. Nilus Leclere Inc. was part of a consolidated group, Groupe Bois Leclere. Nilus Leclere Inc. and Industries Leclere Inc. were the only companies in the group directly engaged in the production of LIIF. Because of the extent of common ownership, Commerce treated these two LIIF producers as a single company.

On February 4, 1997, Commerce released a final negative determination and final negative critical circumstances determination. Based on the four countervailable programs described, the aggregate *ad valorem* rate set for Leclere was 0.57%. This rate was *de minimis*. On February 26, 1997, the investigation was formally terminated by the ITC.