

The federal government will, on the basis of this agreement, collect an export charge on exports of softwood lumber exported to the U.S. on or after January 8, 1987. The charge will be equal to 15 percent ad valorem of the f.o.b. final mill price of the exported product. The export charge will not be imposed on the value added of specified further manufactured lumber products. The necessary legislation will be introduced when Parliament reconvenes on January 19, 1987.

The agreement maintains the exemptions for the twenty Canadian companies excluded by the October 16, 1986 preliminary determination in respect of their own production of softwood lumber products.

The agreement preserves the sovereign right of Canadian governments to manage their resources. Any assertions to the contrary are false and completely without foundation.

The agreement with the U.S. explicitly provides for the reduction or elimination of the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production. Any such modifications in the export charge will be made by the Canadian Government. Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two governments.

I want to emphasize that, as a result of this agreement, governments in Canada have retained exclusive responsibility to determine how, when and what changes are made in forest management policies. Only the calculation of the value of any changes is a matter for consultation and agreement with the U.S. government. As you know, the U.S. industry coalition had sought, through the Administration, a direct role in determining changes in Canadian forest management systems. They demanded specific changes in provincial stumpage systems within a specific time frame with a joint supervisory committee. These demands were unacceptable to Canada and were rejected.