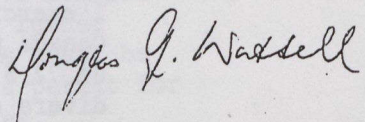


If the proposed amendment is acceptable to the Government of Canada, this letter and your reply to that effect will constitute a full settlement of the arbitration pursuant to Article V of the Agreement. This settlement is without prejudice to the merits of the Parties' claims respecting the consistency of the June 9, 1999 revocation with the Agreement. Accordingly, I propose that upon entry into force of this amendment, the Parties notify the Panel to whom the arbitration has been referred that a mutually satisfactory resolution has been reached and request that proceedings be terminated immediately.

I have the honor to propose that if the proposed amendment contained in this letter is acceptable to the Government of Canada, pursuant to Article VIII of the Agreement, this letter and your reply to that effect shall constitute an amendment to the Agreement, which shall enter into force on the date of your reply.

I have the honour to confirm that the proposed amendment contained in your letter is acceptable to the Government of Canada, and that your letter and this reply, in the English and French languages, each text being equally authentic, shall constitute an amendment to the Agreement pursuant to Article VIII of the Agreement, which shall enter into force on this date. I further have the honour to confirm that your letter and this reply shall constitute a full settlement of the arbitration brought pursuant to Article V of the Agreement on the U.S. Customs Service's June 9, 1999, revocation of rougher headed lumber ruling letters.

Yours sincerely,



Douglas G. Waddell
Minister (Economic) and
Deputy Head of Mission