

Today's preliminary determination of subsidy is the second of four decisions to be made by U.S. authorities in this case. If the preliminary determination is confirmed by the DOC when it makes its final determination of subsidy on May 19, it will be followed by a final determination on the question of injury by the U.S. International Trade Commission on July 3. Final determinations of subsidy and injury can be appealed by either party to binational panel review under the Canada-United States FTA.

"This is only the second stage," said Mr. Wilson. "If the final decisions are unfair, we will request the establishment of a panel under Chapter 19 of the FTA. This was an option not open to us during the last case against softwood lumber in 1986." A ruling by a panel under Chapter 19 of the Agreement is binding on both parties.

In addition, a General Agreement on Tariffs and Trade (GATT) Subsidies Code Panel has been established to confirm Canada's view that the United States had no basis on which to initiate this case. The Panel will hold its first meeting the week of March 16.

This preliminary determination does not mean that duties will be collected at the border. Exporters will, however, have to post bonds to cover this provisional countervailing duty of 14.48 per cent -- an additional financial liability for the companies.

Minister Wilson concluded that "the Canadian government is resolved to exercise all our rights in defence of our trade interests. The federal government, provinces and industry remain committed to fighting this case to the end, and winning."

- 30 -

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