the Central America Four (CA4), the European Free Trade Association (EFTA), Korea and Singapore. In addition to these negotiations already in progress, Canada is exploring the possibility of free trade negotiations with the countries of the Andean Community, the Caribbean Community and Common Market (CARICOM), and the Dominican Republic. Free trade agreements with these trading partners would deliver commercial benefits across a wide range of goods sectors, notably in agriculture, fisheries, forestry and industrial products. For example, by leading to tariff reductions and/or elimination, free trade agreements would provide new opportunities for Canadian exporters of such products as beef, pork, grains, fruits, vegetables, prefabricated housing, chemical products, fertilizers, and electrical and power-generating equipment. Trade negotiations also provide Canada with an opportunity to address non-tariff barriers–particularly in the area of standards-related measures–that affect a number of Canada's industrial sectors, such as the automotive sector.

As Canada vigorously negotiates market access improvements, it recognizes that existing foreign government policies or practices can hurt Canadian exporters by limiting the right of entry to Canadian products and may, at times, be inconsistent with existing trade agreements. As a result, Canada will continue to monitor the trade laws and practices of key trading partners, make representations as required to foreign authorities and, when appropriate, use the dispute settlement provisions of trade agreements to protect and promote Canadian interests.

Softwood Lumber

Following months of negotiations and with the support of all major softwood-producing provinces and an overwhelming majority of Canadian softwood lumber producers, the Canada-U.S. Softwood Lumber Agreement came into effect on October 12, 2006. Legislation to implement Canada's obligations under the Agreement–the Softwood Lumber Products Export Charge Act–received Royal Assent on December 14, 2006. The Agreement has resolved a long and costly dispute and provides a stable bilateral trade environment in which the Canadian lumber industry can prosper over the seven- to nine-year life of the Agreement.

Under the Softwood Lumber Agreement, U.S. countervailing and anti-dumping duty orders, in place since May 2002, have been completely revoked. In addition, more than 80% of duties collected during the dispute have been returned to Canadian softwood producers, with the remainder distributed to U.S. interests. The return of these funds–worth more than US$4.5 billion–to Canadian producers marks a significant infusion of capital into the industry, and many companies have already invested their refunds in future growth opportunities.

The Agreement provides for the imposition of an export charge when the price of lumber is at or below US$355 per thousand board feet. The export charge is levied according to the border measure option selected by each region to address its specific economic and commercial situation. Regions selecting Option A (B.C. coast, B.C. interior and Alberta) are subject to a charge of 5%, 10% or 15% depending on lumber prices. Those selecting Option B (Saskatchewan, Manitoba, Ontario and Quebec) are subject to a charge of 2.5%, 3% or 5%, depending on lumber prices, as well as volume constraints in the form of regional export quotas. The funds collected from the export charge will remain in Canada. The Agreement also provides for reduced export charges for Canadian exporters if other lumber-producing countries significantly increase their exports to the United States at Canada's expense. The export charges and volume constraints do not apply when the price of lumber is above US$355 per thousand board feet. The Maritimes, the territories and 32 companies found by U.S. authorities not to be subsidized are excluded from the application of the border measures.