

On May 28, 1992, the Government of Canada, the provincial governments, and the Canadian industry appealed the final determination of subsidy to a binding binational review panel under Chapter 19 of the FTA. The panel reported its findings on May 6, 1993, unanimously instructing DOC to re-examine its determinations on the key issues in the case, reflecting in large part the arguments made by the Canadian government, provincial governments and industry.

On June 25, 1992 the United States ITC in a four-to-two vote, determined that subsidized imports of Canadian lumber materially injured U.S. lumber producers. This was the last of four decisions in the United States CVD investigation. On July 24, 1992, the Government of Canada, the affected provinces, and the Canadian industry appealed the final determination of injury to a binding binational review panel under Chapter 19 of the FTA.

#### ISSUES BEFORE THE FTA INJURY PANEL

The FTA Chapter 19 panel is reviewing whether U.S. trade law was correctly applied by the United States International Trade Commission in its final injury determination in the countervailing duty investigation of certain softwood lumber products from Canada. The issues before the injury panel include:

- whether the Commission fully took into account substantial record evidence presented by the Canadian parties and U.S. industry;
- whether the Commission's conclusions that imports of softwood lumber from Canada suppressed U.S. prices is supported by substantial record evidence;
- whether the Commission evaluated properly all relevant economic factors within the context of the business cycle;
- whether the Commission's conclusions with respect to the conditions of competition unique to the softwood lumber industry is supported by substantial record evidence; and
- whether the Commission's failure to consider other relevant economic factors when evaluating the effect of Canadian lumber imports on the domestic industry, including the nature and effect of the subsidies found by the DOC, is supported by substantial record evidence.