

administrative reviews resulted in a lowering of the combined CVD and AD duty rate from 27.22% to 20.15%. The rates resulting from the administrative reviews took effect on December 20, 2004, as new cash deposit rates for Canadian exporters. On January 19, 2005, Canada requested a NAFTA panel review of the administrative review of the AD duty order in the U.S. Court of International Trade. On June 30, 2004, the DOC initiated the second administrative reviews of the AD and CVD orders, covering lumber shipments made during the 2003–2004 period.

The federal government continues to work with the provinces, industry stakeholders, U.S. posts, and allies in the United States to advocate in favour of a durable resolution of the dispute. The government and its advocacy partners have aimed to provide a counterweight to the U.S. lumber industry lobby by engaging the U.S. housing sector, consumer organizations, industrial associations, state legislators and influential members of the Congress. Canada's advocacy efforts underscore the negative effects this trade action has on the U.S. economy, the importance of the United States honouring its NAFTA obligations and the benefits of an integrated North American economy. Canada and its allies have used all occasions, both at the grassroots and federal levels, to deliver our softwood lumber advocacy messages. Allies such as the U.S. National Association of Home Builders (NAHB), the Home Depot, and American Consumers for Affordable Houses (ACAH), which represents over 95% of U.S. lumber users and consumers, have played a longstanding, important role in pressing these advocacy messages with the U.S. Administration, Congress and the media.

The Government of Canada is sensitive to the impact of the dispute on industry and communities in Canada and has made available \$356 million in federal assistance to forestry workers, communities and industries. These include funds for displaced workers under expanded employment insurance programs, community capacity building, competitiveness initiatives, research and development programs and a boreal forest research consortium.

The government will continue to pursue unrestricted access to the U.S. market for Canadian softwood lumber as the top market access priority.

Bovine Spongiform Encephalopathy

Following Canada's announcement of its first BSE case on May 20, 2003, the United States banned the import of Canadian ruminant livestock and meat products. The United States is our largest export market for cattle and beef. Other products were also affected by the ban, including bison, sheep and goats.

On August 8, 2003, the United States announced its decision to reopen the border to Canadian boneless beef from cattle under 30 months of age and certain other products. In addition, on November 4, 2003, the U.S. Department of Agriculture (USDA) initiated a rule-making process to allow for the import of live animals and other products.

On January 4, 2005, the USDA published its final rule to provide access for live animals and other products in the U.S. *Federal Register*, effective March 7, 2005. When implemented, the rule will provide access for live cattle and bison less than 30 months of age for immediate slaughter or for feeding and then slaughter before 30 months of age, sheep and goats less than 12 months of age for immediate slaughter or for feeding and then slaughter before 12 months of age, meat and carcasses from cattle under 30 months of age from which specified risk material has been removed, meat and carcasses from sheep and goats derived from animals less than 12 months of age, and certain other products. The January rule does not provide access for live cattle over 30 months for immediate slaughter or other cattle (e.g., breeding and dairy). Access for additional products will be addressed in a subsequent rule.

The rule initially would have provided access for meat from cattle regardless of age when implemented on March 7. However, on February 9, 2005, the U.S. Secretary of Agriculture issued a statement advising of a delay to the effective date for allowing imports of meat from animals 30 months or over. The U.S. Secretary also stated that he was asking officials to move forward with a plan to allow imports of animals 30 months and older for slaughter as well as beef from animals 30 months and older as the next step in resuming trade. These imports will have to be addressed in a subsequent rule.