

Canada requested the first administrative review of the softwood lumber countervailing duty order on July 30, 1993. The review will cover the period March 1992 to April 1993, and is intended to fix a final duty for shipments during that period.

Should the current investigation be resolved in Canada's favour through the subsidy or injury investigations described above, including an Extraordinary Challenge, the administrative review would also be terminated. However, should the final outcome of the FTA panel process be in the United States favour, then Canadian exporters of softwood lumber to the United States would be liable to pay the countervailing duty once the DOC publishes final results of its administrative review in the U.S. Federal Register, either in the latter part of 1994 or early 1995. That notice would then finalize the countervailing duty payments between March 12, 1992 and March 31, 1993.

Due to statutory deadlines, and notwithstanding the ongoing legal appeals under the FTA, Canada will have to file a request for an administrative review for the period April 1, 1993 to March 31, 1994, with the DOC by August 1, 1994.

The results of final determinations of administrative reviews are subject to binational panel review under Chapter 19 of the North American Free Trade Agreement (NAFTA).

GATT SUBSIDIES CODE PANEL

A GATT Subsidies Code Panel was established in December 1991 at Canada's request, to determine whether the U.S. actions were consistent with U.S. international trade obligations. The Panel found that the United States had violated its obligations when it imposed the Section 301 interim bonding requirements, but that the United States possessed sufficient evidence to initiate the CVD investigation. The Panel report was adopted by the GATT Subsidies Code Committee on October 27, 1993. The United States has an obligation to implement the Panel's instructions to terminate the Section 301 interim bonding requirement, refund any cash deposits, and cancel any bonds resulting from the Section 301 action. The United States has yet to implement the Panel report.