

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. This panel reported its findings on July 26, 1993, ruling that the United States did not possess sufficient evidence to conclude that imports of lumber from Canada injured the U.S. industry.

FTA SUBSIDY PANEL

On May 6, 1993, the FTA Subsidy Panel referred virtually every major issue from the DOC original subsidy determination back to the Department for further review. On September 17, 1993, the DOC reaffirmed its original conclusion that provincial stumpage programs and British Columbia's log export restrictions conferred a countervailable subsidy. The DOC concluded that the subsidy had increased from the original level of 6.51 percent to a rate of 11.54 percent.

On December 17, 1993, the FTA Subsidy Panel ruled that the DOC, under U.S. trade law, should not have found a countervailable subsidy on either provincial stumpage programs or British Columbia log export restrictions.

On January 6, 1994, the DOC accepted the December 17, 1993 ruling by the FTA Subsidy Panel.

FTA INJURY PANEL

On July 26, 1993, the FTA Injury Panel concluded that the ITC did not possess sufficient evidence on the record of the investigation to conclude that the alleged subsidized imports of softwood lumber from Canada were injuring the U.S. domestic lumber industry. In response to the panel, the ITC reconsidered the information and again concluded, on October 25, 1993, that the U.S. lumber industry was injured by imports of Canadian lumber. The FTA Injury Panel has until January 24, 1994, to make its next decision.

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.