

"The commitment to implement these proposals is conditional upon a withdrawal of the petition by the U.S. industry before the preliminary determination of subsidy by the Department of Commerce expected on October 9, 1986," said Miss Carney. "We also require assurances from the U.S. industry that companies will not pursue restrictive legislation against softwood lumber exports from Canada."

"It is our only offer, it is done on a 'without prejudice' basis to our legal case, and it is not open to negotiation," she added. "We are seeking to protect one of Canada's largest employers, the forest industry, from continuing harassment from American producers."

If the offer is rejected, the countervail process will continue to its conclusion. To ensure that Canada's position will not be prejudiced by the offer, a diplomatic note setting out Canada's legal arguments has been sent under separate cover to the U.S. State Department. (A copy of the text of the note is attached).

In addition, the federal government has identified problems in U.S. forestry policies and practices which the U.S. should resolve. These include increasing the amount of timber made available to the U.S. industry from public lands and resolving rail and shipping transportation problems.

"The provinces have made a reasonable offer that is acceptable to the forest industry and labour. We are confident that, if accepted, it will ensure continued access to the U.S. market. We are moving to ensure that any additional revenues raised will stay in Canada rather than flow to the U.S. Treasury should a U.S. tariff be applied."