



news release

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MACLAREN WELCOMES PANEL'S RULING ON SOFTWOOD LUMBER

The Honourable Roy MacLaren, Minister for International Trade, welcomed today's ruling by a Canada-United States Free Trade Agreement (FTA) binational panel in the long-standing dispute over Canadian softwood lumber exports to the United States.

"The panel result is an important victory which reaffirms the Canadian position that there is no valid basis for the countervailing duty on softwood lumber from Canada," Mr. MacLaren stated. "We fully expect the United States to implement the recommendations of the panel and remove countervailing duties promptly."

The panel ruled that the U.S. Department of Commerce (DOC), under U.S. trade law, should not have found a countervailable subsidy on either provincial stumpage programs or British Columbia's log export restrictions. The DOC will now have 20 days, until January 6, 1994, to act upon today's panel ruling. The results of the panel's review are binding on the United States.

This is the second ruling by this panel, reviewing the DOC's subsidy determination that provincial stumpage programs and British Columbia's log export restrictions confer a countervailable subsidy of 6.51 percent. On May 6, 1993, the panel unanimously instructed the DOC to re-examine its determination on virtually every major issue in the case. On September 17, the DOC reaffirmed its original finding, concluding that provincial stumpage programs and British Columbia's log export measures do confer a countervailable subsidy. In today's ruling, the Subsidy Panel found no basis under U.S. trade law for the U.S. decision to impose a duty on imports of Canadian softwood lumber.

This ruling is very important to the Canadian lumber industry. Canadian lumber exports to the United States exceeded \$4 billion in 1992, accounting for roughly 54 percent of Canada's total lumber production. The value of Canadian lumber shipments to the United States is expected to reach roughly \$6 billion in 1993.

While the duty will remain at the current rate of 6.51 percent for the time being, today's ruling should lead to the eventual