

provincially owned forest lands, and invests in the Quebec forest industry. DREE grants to REXFOR and Quebec government assistance in the form of grants, loans, loan guarantees, loss coverage, and equity purchases on terms inconsistent with commercial considerations were all found to be subsidies because they were targeted to the crown corporation.

In terms of its potential impact on the Canadian economy, the most important finding in the Softwood Products decision was that federal and provincial government stumpage programs do not confer subsidies. The IIA came to this conclusion because the programs are not targeted to stimulate export sales over domestic sales nor are they offered contingent on export performance. Moreover, the stumpage programs were found not to be countervailable domestic subsidies because they were not targeted to a "specific enterprise or industry, or group of enterprises or industries." In fact, the programs are available within Canada on similar terms regardless of the industry or enterprise of the recipient, there is no governmental targeting to limit use to a specific industry, and stumpage is widely used by more than one group of industries. However, the IIA's determination that stumpage programs are not targeted to specific industries has met with some criticism.²²

Even if stumpage is provided to a specific group of industries, the IIA reasoned, it is not a domestic subsidy under the Trade Agreements Act of 1979 because stumpage programs do not provide goods at preferential rates — that is, rates more favorable to some than to others within Canada — and because the programs do not assume a cost of production, since "assumption" refers only to government activity that relieves an enterprise or industry of a pre-existing statutory or contractual obligation.

In addition to stumpage programs, a number of other generally available federal and provincial programs were found by the IIA not to confer