



News Release

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GOVERNMENT WELCOMES SOFTWOOD LUMBER RULING

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, welcomed today's decision by a Canada-United States Free Trade Agreement (FTA) binational dispute settlement panel in the long-standing dispute over Canadian softwood lumber exports to the United States.

Minister Wilson expressed satisfaction that the panel unanimously instructed the U.S. Department of Commerce (DOC) to re-examine its determinations on each of the key issues in this case, apart from the question of provincial exclusions. The DOC has 90 days to respond to the panel's findings.

"This is a very positive result for the Canadian lumber industry and demonstrates that the FTA dispute settlement mechanism is working. We have used the FTA successfully to defend the Canadian lumber industry's access to the United States market."

The U.S. market is critical to the economic well-being of the Canadian industry. Canadian lumber exports to the United States exceeded \$4 billion in 1992, accounting for roughly 29 per cent of Canada's total lumber production.

The United States government initiated the countervailing duty investigation of softwood lumber on October 31, 1991. The third such investigation in 10 years, the action followed Canada's decision to terminate the 1986 Softwood Lumber Memorandum of Understanding (MOU) on October 4, 1991.

On May 28, 1992, the U.S. Department of Commerce found that the provincial programs conferred a countervailable subsidy of 6.51 per cent. The Canadian government, the provinces and the Canadian industry immediately appealed this subsidy determination to binding binational panel review under the FTA Chapter 19 dispute settlement mechanism.

"The federal government, the provincial governments and the industry mounted a strong defence before the panel," Minister Wilson stated. "All parties concerned have worked together