

Ladies and Gentlemen

I have asked you here today to set the record straight and refute some of the uninformed charges which have been reported in the media.

As you know, we have reached an agreement with the U.S. on the softwood lumber countervail. We negotiated the best settlement possible, given the alternatives which we faced.

I would like to outline briefly for you the options, the process, the demands, and the results achieved in this agreement.

In 1983 we won the preliminary determination in the countervail action. In 1986, however, the preliminary determination was lost.

Therefore, we faced three options under U.S. trade law:

- fight, and risk losing the case and paying countervailing duties to the U.S. Treasury
- concede that our stumpage programs were subsidies and enter into a suspension agreement to keep the additional monies in Canada; or
- negotiate a settlement in order to protect the interests of the thousands of Canadians who work in the industry, while protecting the provinces' right to manage their resources, and keeping forest revenues in Canada.

The Canadian Government engaged in full consultations with the provinces, labour, and industry. We explored all options, consistent with our duty to protect Canada's interests.

As you know, a split developed between the provinces as to the approach we should take. Ontario wished to proceed to the final decision in the hope of reversing it, or if that failed, challenge it in the U.S. courts. British Columbia and Quebec favoured the negotiation of a suspension agreement to keep the money in Canada.