the numbers used" by the Commerce Department in reaching their ruling *(Ottawa Citizen,* October 29).

On October 29 the *Ottawa Citizen* reported that Canada had won a small concession in the lumber dispute. Ms Carney announced that the US Commerce Department had agreed to allow each Canadian lumber producer to post one entry bond at the border to cover several anticipated shipments into the US. Since the tariff had been imposed, producers were required to post one bond per shipment, in anticipation of paying the tariff retroactively should the Department rule against Canada at the end of December. The Minister also announced that transportation costs would not be included in the calculation of the tariff. Ron Longstaffe of the Canadian Forest Industries Council said, "It eases the paperwork and makes things a little more convenient to deal with."

The *Globe and Mail* reported the same day that Canadian producers had written to US Commerce Secretary Malcolm Baldridge that week asking for a correction in the Commerce Department calculations used to rule on the tariff. Robert Herzstein, a Washington lawyer representing the Canadian industry, said the Department had double-counted certain costs in their calculations, and that correction of this "obvious error" would reduce the tariff to half of the 15 percent determined by the Department.

While the US lumber industry claimed that there had been no error, the Commerce Department began studying submissions by both Canadian and US producers in an effort to reach a final ruling by December 30. Ottawa sent a toughly worded diplomatic note to Washington, formally demanding that the tariff be revoked and the investigation by US trade officials into the Canadian industry be stopped *(Globe and Mail,* November 1). Canadian government officials said that, while it was unlikely that the US would change the preliminary ruling, the ruling was so badly flawed that "we would be negligent if we did anything less."

Commerce Secretary Baldridge responded to Ms Carney's request for a meeting and the two met in Washington on November 6. The *Globe and Mail* reported that Ms Carney said Mr. Baldridge "gave us a very good hearing. Ontario's Minister of Natural Resources, Vincent Kerrio, one of four provincial ministers included in the meetings, remarked, "This is a very refreshing show of unity in Canada. There's more than one way to skin a cat." Ms Carney, asked about possible retaliatory measures, said, "We're not here to declare war on the United States."

At a meeting in Ottawa later in November, however, the show of unity displayed in Washington began to crack. Ms Carney failed to settle the dispute between British Columbia and Ontario over the means by which Canada should proceed. BC would have sought to negotiate a compromise before the legal deadline of November 30, while Ontario took the position that the tariff should be fought through legal means *(Globe and Mail,* November 20). Premier David Peterson of Ontario then filed a notice with the Commerce Department objecting to the tariff, and said he would urge his fellow premiers to follow suit. "What [the lumber tariff] basically would say is that the United States could dictate Canadian resource policy, with a very serious threat to our sovereignty and our ability to develop independent policies. . . . We think the decision is so bad that we have to fight it legally and politically" *(Globe and Mail,* November 20).

At the first ministers' conference in Vancouver, Mr. Peterson was the only premier to refuse to support what the *Ottawa Citizen* called a "vague deal" which was hatched by the first ministers to resolve what Ms Carney called "the most bitter dispute between Canada and the US in 30 years" *(Ottawa Citizen,* November 22). Under the proposed plan, the report said, the provinces would raise the export price of lumber shipped to the US in return for the US dropping the 15 percent import tariff. Such a move would increase domestic lumber prices at the same time. A senior aide to Mr. Peterson said, "The whole thing is so vague it makes you wonder if it wasn't concocted just to get the lumber stuff off the [conference agenda]." Ms Carney conceded that "Canadian consumers may be paying more for lumber" but she said that Canada wanted to cut a deal before fighting the matter to the final ruling, because preliminary findings of the US Commerce Department were rarely changed. A senior Canadian lumber industry spokesman reacted to the deal by saying that it was a betrayal of the industry and had seriously damaged the country's legal case with the US, the *Ottawa Citizen* report said.

While the US lumber industry also responded negatively to the deal, Prime Minister Brian Mulroney said that an increase in domestic lumber prices was "the price of playing poker" with the US. "There have been no concessions made in favor of the Americans," he told the House on November 24. Opposition Leader John Turner asked in the House, "In his obsession to pursue a free trade agreement with the United States, how far is [the Prime Minister] prepared to go in selling out Canada?" And NDP Leader Ed Broadbent said that a compromise deal would only encourage other US industries to seek penalties against Canadian producers *(Ottawa Citizen,* November 25).

As BC Premier Bill Vander Zalm threatened to proceed on his own in negotiating a settlement with the US, a new agreement was reached in Ottawa between federal and provincial officials. On November 27 the *Citizen* reported that Canada had made a formal offer to place a 15 percent export tax on all lumber exports, in return for the dropping of the import duty by the US. Quebec and BC, which accounted for 80 percent of softwood exports, endorsed the proposal, while Ontario, Nova Scotia and New Brunswick objected to it. The offer was delivered to the US Commerce Department on November 26.

At the end of November, the Canadian government was said to be pessimistic about its chances of winning its case against the Commerce Department ruling. A senior federal official, in a briefing arranged by External Affairs Minister Joe Clark's office, said that the government decided to offer the 15 percent export tax as a compromise because it would minimize damage to Canada. "US countervail law is a loaded deck. . . . We still believe our case to be strong, but there's nothing we have seen to lead us to believe that the determination will be turned around." The government was worried that, if it lost its legal case when the final ruling was made on December 30, it would set a dangerous precedent that could lead to similar duties