



news release

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MACLAREN DETERMINED TO CONTEST U.S. EXTRAORDINARY CHALLENGE ON SOFTWOOD LUMBER

The Honourable Roy MacLaren, Minister for International Trade, has expressed the Canadian government's determination to contest a U.S. challenge of the Canada-U.S. Free Trade Agreement (FTA) binational panel on softwood lumber. The U.S. government today formally requested the establishment of an Extraordinary Challenge Committee (ECC) to review the panel decision.

The U.S. government's request for an ECC alleges that the panel did not apply the correct standard of review, and that two Canadian panelists materially breached the disclosure obligations of the Code of Conduct.

"We see absolutely no grounds for these allegations," said Mr. MacLaren. "The panel correctly found in Canada's favour because of the strength of our case, and we are confident that this will again be demonstrated in the ECC."

The subsidy panel concluded its work on March 7, 1994, with a ruling that provincial stumpage programs and British Columbia log export restrictions were not countervailable subsidies. The U.S. has now exercised its rights under the FTA rules to request an ECC within 30 days of the panel's issue of a Notice of Final Panel Action. The ECC will be established within 15 days and is expected to render its decision in the next few months.

In addition to the subsidy panel, a second FTA panel on softwood lumber is considering the issue of injury in the countervailing duty case. This panel has also ruled in Canada's favour in finding that the U.S. International Trade Commission (ITC) has not substantiated its determination that Canadian exports of softwood lumber were injuring the U.S. lumber industry. The FTA injury panel has until June 13, 1994 to review the ITC's most recent determination on injury.

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