

## Chapter 3

### Current Issues

trusted traveller programs; cause investment and job losses; and could lead to larger future costs such as those resulting from diminished economic confidence. Because the implications of increased compliance costs are of serious concern to Canada, we are continuing to collaborate closely with the U.S. via a range of channels to address ongoing border-related challenges.

#### Softwood Lumber

Since it came into force on October 12, 2006, the Canada-U.S. Softwood Lumber Agreement has functioned well, providing a stable and predictable trade environment for Canadian softwood lumber producers. The agreement provides for the imposition of a volume restraint and/or an export charge on exports of softwood lumber products to the United States when the price of lumber is at or below US\$355 per thousand board feet. The funds collected from the export charges stay in Canada. In January 2008, \$467.5 million in export charge amounts were disbursed among six Canadian provinces.<sup>1</sup> Canada remains committed to the success of the Softwood Lumber Agreement for its seven-to-nine year lifespan.

#### BSE

Following Canada's announcement of its first bovine spongiform encephalopathy (BSE) case in Alberta on May 20, 2003, most of our trading partners banned imports of Canadian cattle, beef and related products. Since then, Canada has been working with these trading partners toward a resumption of trade based

on science and standards established by the World Organisation for Animal Health (OIE). The OIE is the relevant international standards-setting organization for animal health referenced in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

On May 22, 2007, at the OIE's 75th General Session in Paris, Canada was officially recognized as a "controlled risk" country for BSE. This recognition was the result of a comprehensive evaluation by the OIE's BSE expert panel of Canada's BSE risk mitigation, surveillance and eradication measures. Having achieved this designation, Canada is able to certify that its beef and cattle exports meet the conditions for safe trade under the OIE Code. On this basis, Canada has been requesting trading partners to resume full trade in beef and cattle.

On July 12, 2007, Canada announced the implementation of an enhanced feed ban under which certain cattle tissues that are capable of transmitting BSE, known as specified risk material, are banned in all animal feed, pet food and fertilizer. The ban represents a significant step toward accelerating the elimination of BSE from Canadian cattle, and supports Canada's status as an OIE-recognized controlled-risk country for BSE.

On November 19, 2007, the U.S. Department of Agriculture implemented its final BSE Second Rule. As a result, the U.S. market is now open to the vast majority of Canadian beef and cattle exports.

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<sup>1</sup> Industry Canada, *Government of Canada Delivers on the Promise of the Softwood Lumber Agreement* [online], news release, January 11, 2008, [www.cra-arc.gc.ca/newsroom/releases/2008/jan/nr080111-e.html](http://www.cra-arc.gc.ca/newsroom/releases/2008/jan/nr080111-e.html).