

oriented strand board, paperboards and plastics, in 1994. Otherwise, U.S. lumber demand would exceed available domestic and import supplies by a wide margin (at least several billion board feet).

Canadian companies were able to meet some, but not all, of the increased demand for lumber. Overall, lumber exports to the United States in 1992 increased by 14 per cent over 1991. The market remained relatively strong in 1993, and this trend is expected to continue.

#### **FINAL PLAN FOR PACIFIC NORTHWEST**

On February 23, 1994, the U.S. administration announced a plan to protect a host of endangered species by significantly reducing logging levels in the Pacific Northwest to 20 per cent of those in the peak years of the mid-1980s (slightly more than one billion board feet vis-à-vis five billion). The new policy is largely similar to a draft that President Clinton presented last summer.

Subsequent to the above announcement, on November 10, 1994, the U.S. Bureau of Land Management announced an additional 85 per cent reduction in future sales. As a result, harvest levels have been curtailed from 1.2 billion board feet to 221 million board feet. The Government estimates that there are 2.2 million hectares of old-growth forest left in the Northwest, with about 600 000 of that protected in national parks or wilderness areas. The Administration would allow logging in 280 000 hectares, but would keep most of the remaining old-growth forest off limits.

In Canada, British Columbia has imposed increased restrictions on the allowable cut in some of its major timber management areas.

#### **THE COUNTERVAILING DUTY INVESTIGATION**

During the countervailing duty (CVD) investigation, the DOC investigated provincial stumpage programs and Canadian log export restrictions.

A preliminary affirmative determination of injury was made on December 12, 1991, by the ITC.

On March 5, 1992, the DOC made an affirmative preliminary determination that stumpage programs and log export restrictions in British Columbia conferred subsidies to softwood lumber exported to the U.S. at a national rate of 14.48 per cent ad valorem (stumpage at 6.25 per cent plus log export controls at 8.23 per cent). Effective March 12, 1992, importers of softwood lumber from Canada were required to make cash deposits or post bonds of 14.48 per cent on the value of the imported merchandise.

In its final affirmative determination on May 15, 1992, the DOC confirmed its March 5, 1992 decision that Canada's provincial stumpage programs and log export restrictions in British Columbia provided