

I am pleased to report that we have successfully renegotiated the Memorandum of Understanding on Softwood Lumber which was concluded a year ago with the United States. As a result, all softwood lumber products milled in five provinces - British Columbia, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and representing close to 75 percent of Canada's softwood lumber exports to the U.S. - will be exempt from the 15 percent export charge.

Discussions are continuing with the U.S. on the value of Quebec replacement measures and I am optimistic that we will be in a position to announce shortly a reduction in the export charge for softwood lumber milled in Quebec. The Government of Saskatchewan has recently advised me of that province's interest in seeing the export charge eliminated for Saskatchewan producers on the basis of changes in Saskatchewan forest management policies.

Clearly we are well on our way to achieving the objectives we set for ourselves a year ago to move away from this export charge.

Our key objectives in signing the Memorandum of Understanding last year were to retain in Canada revenues which would otherwise have gone into the U.S. Treasury and to protect the ability of the provinces to manage their resource. Faced with the prospect of a countervailing duty imposed by the U.S., nine out of ten provinces and the International Woodworkers fully supported the government's decision to seek a negotiated solution to the dispute with the U.S. over softwood lumber. As a result of that agreement, approximately \$335 million has already been remitted to the provinces. The provinces have been able to proceed with planned changes in forest management policies which would have been, for all practical purposes, precluded if the U.S. had imposed a punitive countervailing duty.

I have today reminded the governments of Ontario, Manitoba and Alberta that we are prepared, as soon as each province is ready, to discuss with the U.S. the value of their replacement measures.