

ARTICLE II

CANADIAN EXPORT PERMIT

1. Canada shall place softwood lumber on the Export Control List under the *Export and Import Permits Act*, as amended, and require a federal export permit for each exportation to the United States of softwood lumber first manufactured in the province of Ontario, Quebec, British Columbia or Alberta and shall require any person to which such a permit is issued to keep records relating to its issuance for 60 months after the date of issuance of the permit.

2. Canada shall collect a fee on issuance of a permit for export to the United States of softwood lumber first manufactured in the province of Ontario, Quebec, British Columbia or Alberta for quantities above the established base in a given year. The fee shall be determined in accordance with the following schedule:

Exports (Yearly)	Fee
(a) 14.7 billion board feet (the established base) or less	Free
(b) More than 14.7 and less than or equal to 15.35 billion board feet (the lower fee base)	US\$50 per thousand board feet
(c) Amounts in excess of 15.35 billion board feet (the upper fee base)	US\$100 per thousand board feet

3. The fees described in paragraph 2 shall be adjusted for inflation on April 1 each year, beginning in 1997, based on the annual percentage change in the simple average of the annual value in:

- (a) the Consumer Price Index, All Urban Consumers, All items less food and energy, published by the U.S. Department of Labor, Bureau of Labor Statistics; and
- (b) the Consumer Price Index for Canada, All-Items, published by Statistics Canada, catalogue no. 62-010-XPB,

over the previous calendar year.

4. Prior to the beginning of each year, Canada shall allocate the established base and the lower fee base for that year among Canadian softwood lumber exporters, except that Canada shall make every effort to make the allocation for the first year of this Agreement by July 1, 1996, but in no event later than September 30, 1996.

5. Subject to paragraph 9, until Canada makes the first allocation referred to in paragraph 4, Canada shall collect the fee under subparagraph 2(b) during a calendar quarter from each exporter who exports softwood lumber first manufactured in the province of Ontario, Quebec, British Columbia or Alberta to the United States following the date on which exports from Canada in that quarter equal or exceed 28.75 percent of the established base (excluding any additional quantities of exports allowed under Article III -Trigger Price). For quantities in excess of 650,000,000 board feet that are subject to a fee under this paragraph, Canada shall collect the fee set out in subparagraph 2(c), in lieu of the fee set out in subparagraph 2(b).