



News Release

Communiqué

No. 188

September 3, 1991

CANADA TO TERMINATE CANADA-U.S. SOFTWOOD LUMBER AGREEMENT

The Minister of Industry, Science and Technology and Minister for International Trade, the Honourable Michael H. Wilson, today announced that Canada has given the United States notice of its intention to terminate the Softwood Lumber Memorandum of Understanding (MOU) entered into by the two countries on December 30, 1986.

Under the MOU, in order to avoid the threat of an impending U.S. countervailing duty on Canadian softwood lumber, Canada imposed a temporary export tax of 15% on certain softwood lumber products exported to the United States. The agreement kept the extra revenues in Canada rather than sending them to the United States.

The MOU provided time for provincial governments to implement planned changes to forestry policies, which included increases in charges to industry. The export tax has already been eliminated, or substantially reduced, in the main lumber exporting provinces as replacement measures envisaged in the MOU have been introduced.

Since the MOU was signed in 1986, British Columbia, Quebec and Alberta, which together accounted for 92% of Canada's softwood lumber exports to the United States in 1990, have implemented significant changes in their forest management policies that increase log costs to Canadian industry.

"The MOU has served its purpose and the time has come for Canada to exercise its right of termination. There is no subsidy of softwood lumber production in Canada," Mr. Wilson said.