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QUEBEC REPLACEMENT MEASURES

The Honourable John C. Crosbie, Minister for International Trade, and the Honourable Gerald S. Merrithew, Minister of State (Forestry and Mines), today announced a reduction in the rate of the export charge payable on certain softwood lumber products produced in Quebec and exported to the United States. The rate will drop from 15% to 8% for products exported on or after April 1, 1988.

The Memorandum of Understanding on trade in softwood lumber signed by Canada and the United States in December 1986 provides that Canada may reduce or eliminate the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production. The Understanding also provides that the calculation of the value of provincial replacement measures in relation to the export charge will be the subject of further consultation and agreement between the two Governments.

Canada has now concluded negotiations with the United States with respect to the replacement value of the measures introduced by the Government of Quebec as part of a new forest management policy. Earlier negotiations concluded in December 1987 allowed for the elimination of the export charge on softwood lumber products produced in British Columbia and the four Atlantic provinces.

The reduced rate of the export charge will be of benefit to some 250 softwood lumber producers in Quebec and represents a potential annual saving in export charge payments of more than \$20 million at the current level of exports to the United States.

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Following the changes announced today, the export charge will have been eliminated or significantly reduced on more than 85% of Canada's exports of softwood lumber products to the United States.

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