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U.S. COUNTERVAILING DUTY INVESTIGATION ON LUMBER PRODUCTS FROM CANADA

The Minister of State for International Trade, the Honourable Gerald A. Regan, expressed concern that Canada's continuing unrestricted entry into the U.S. market for lumber products - which is so vital to the Canadian industry - could be threatened by the U.S. industry's request for countervailing duties on Canadian exports of lumber products. In this context he noted that the lumber industry is one of our major exporters to the United States. Canadian exports of softwood lumber to the U.S.A. are currently \$1.5 billion annually down from a high of \$2.8 billion in 1979. Annual Canadian exports of cedar shingles and shakes and wooden fencing are approximately \$170 million and \$30 million respectively. The U.S. market is essential to the Canadian lumber industry since exports to the U.S. constitute over 60 percent of total Canadian production.

British Columbia accounts for 70 percent of total Canadian production and exports 60 percent of its production to the U.S. The balance of Canadian lumber production is in Ontario, Quebec, New Brunswick, Alberta and Manitoba.

Minister Regan said that he was very much aware of the difficulties faced by the industry on both sides of the border attributable largely to the serious decline in housing starts in both countries. It was important however that efforts to alleviate the problem in the U.S.A. should not be at the expense of the Canadian industry.

The Minister noted that there had been a recent enquiry by the U.S. International Trade Commission into conditions in the softwood lumber industry in the United States. The ITC's report gave no indication that subsidies on imports were a factor in the U.S. industry.

He stated that the government will continue to maintain close cooperation with the industry and the provinces on this matter. It was important that the private and government sectors should work together to safeguard this important Canadian export interest.