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HOCKIN CHALLENGES LATEST U.S. LUMBER FINDING

The Honourable Tom Hockin, Minister for International Trade, challenged the basis for today's U.S. International Trade Commission (ITC) finding that imports of softwood lumber from Canada were causing material injury to the U.S. lumber industry.

"There is simply no basis for this finding," Mr. Hockin said. "A binational review panel established under Chapter 19 of the Canada-U.S. Free Trade Agreement (FTA) ruled unanimously last July that there was no evidence that Canadian lumber was causing injury to the U.S. industry."

"The ITC's disregard for the panel's July ruling is both surprising and unreasonable," Mr. Hockin said. "The matter now goes back to the panel for their further consideration. This isn't over yet. Without the FTA, we could have lost this long ago; with the FTA, however, we can and will continue the fight through the full dispute settlement process."

The International Trade Commission will formally file today's determination with the FTA panel by October 25. The panel will then have 90 days, or until January 24, 1994, in which to render its next decision.

"In light of the panel's earlier decision that there was no evidence of injury, it is difficult to envisage how the ITC will try to justify this latest determination to the panel," Mr. Hockin said. "The Canadian industry has mounted a strong defence before the FTA panel. We continue to have confidence in the strength of our case in these proceedings."

This is the second FTA panel established to review the U.S. countervailing duty on softwood lumber. In May 1993, a panel reviewing the U.S. Department of Commerce's subsidy determination referred virtually every major issue back to

the Commerce Department for further review. On September 17, the Commerce Department reaffirmed its original finding that provincial stumpage programs and British Columbia's log export restrictions conferred a countervailable subsidy. The subsidy panel has until December 16, 1993, to render its next decision.

Canada's softwood lumber exports to the United States totalled \$4.2 billion in 1992, accounting for 54 percent of Canadian lumber production. This decision will have no effect on the 6.51 percent cash deposit requirement currently being imposed on imports of softwood lumber from Canada.

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For further information, media representatives may contact:

Media Relations Office
External Affairs and International Trade Canada
(613) 995-1874