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UNITED STATES COMMERCE DEPARTMENT PRELIMINARY
FINDING ON SUBSIDIES TO CANADIAN SOFTWOOD LUMBER,
SHINGLES AND SHAKES, AND FENCING

The Honourable Gerald Regan, Minister of State (International Trade), expressed satisfaction with today's preliminary findings by the United States Commerce Department that those programmes which were found to provide subsidies to Canadian producers of softwood lumber, shingles and shakes, and fencing, were insignificant and, as a result, an interim countervailing duty would not be imposed on Canadian exports to the United States. Minister Regan stated, "I am particularly pleased that the United States Commerce Department, after consideration of the factual information provided by both the federal and provincial agencies involved, concluded that provincial stumpage practices are not subsidies."

The United States Commerce Department has been investigating a petition by certain U.S. producers of lumber and other softwood products that the Canadian lumber industry is subsidized and that Canadian exports to the United States have materially injured the U.S. industry. The petitioners are seeking countervailing import duties to offset the benefit of these alleged subsidies. A variety of federal and provincial industry assistance programmes, as well as provincial practices and pricing for stumpage (timber cutting rights) were alleged to be subsidies. The United States Commerce Department has been investigating whether these programmes and practices are, in their view, subsidies.

On March 8, that U.S. government agency announced that, although provincial stumpage practices are not subsidies, certain other federal and provincial industrial assistance programmes, such as the Regional Development Incentives Programme and other loan and grant programmes, are, in their view, subsidies. However, the value of the assistance provided, when factored over the value of Canadian production (about \$5 billion

in 1982), only amounted to 0.32 percent for lumber, 0.24 percent for shingles and shakes, and 0.29 percent for fencing. In view of this de minimis finding, countervailing duties will not be imposed. However, the countervail investigation will continue with the U.S. Commerce Department making a final subsidy determination on May 23, 1983. If the final subsidy determination is also negative, the investigation is ended. If the final subsidy determination is affirmative, however, the U.S. International Trade Commission would then be required to make a final determination of material injury by August 8, 1983. If no material injury is found, the case will be terminated.

Minister Regan said, "The hard work devoted by all parties to defend Canadian exports against this unfounded complaint is an outstanding example of the effectiveness of close co-operation between federal and provincial governments and the Canadian industry. I am optimistic that the U.S. Commerce Department's final determination will also be in our favour."