

Minister of Industry,  
Science and Technology and  
Minister for International Trade



Ministre de l'Industrie, des  
Sciences et de la Technologie et  
ministre du Commerce extérieur

## News Release

## Communiqué

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### MINISTER WILSON EXPRESSES REGRET AT U.S. DECISION IN SOFTWOOD LUMBER CASE

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, expressed regret today that the United States International Trade Commission (ITC) has made a preliminary determination of injury in the countervailing duty investigation of certain softwood lumber products from Canada.

"Canada's share of the U.S. market has declined from 33 per cent in 1985 to 27 per cent in 1991. As a result, there is no basis for the determination that exports of lumber from Canada have caused injury to the U.S. industry," the Minister said. "Moreover, there is no basis for the countervailing duty investigation," Mr. Wilson added.

The United States Department of Commerce self-initiated the countervailing duty investigation of softwood lumber products from Canada on October 31, 1991, following Canada's decision to terminate the 1986 Memorandum of Understanding on Softwood Lumber.

On November 21, 1991, the ITC held a Staff Conference, at which time legal counsel for the Canadian government, provinces and industry made compelling arguments that the difficulties facing the U.S. lumber industry resulted from the U.S. recession, notably the downturn in housing starts, and other factors affecting the U.S. timber supply, including log exports to Asia and the withdrawal of harvest lands to protect the spotted owl's habitat.

This preliminary determination of injury is the first of four decisions to be made by U.S. authorities in this case. The United States Department of Commerce is scheduled to make a preliminary ruling on whether Canadian exports are subsidized on January 24, 1992, followed by a final determination of subsidy on

April 8, 1992. The ITC will make a final determination on the question of injury on May 23, 1992. Final determinations of subsidy and injury can be appealed by either party to binational panel review under the Canada-U.S. Free Trade Agreement (FTA).

Canada has also called for the establishment of a General Agreement on Tariffs and Trade (GATT) panel to decide whether provincial stumpage practices constitute subsidies. As well, the panel will be asked to examine whether the U.S. decisions to self-initiate the countervailing duty investigation and to impose the interim bonding requirement were consistent with U.S. GATT obligations. The panel should be appointed by mid-January and could submit its findings as early as mid-March, 1992.

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For further information, media representatives may contact:

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