



Updated: June 1, 2004

Negotiated Settlement

Current Status (June 1, 2004):

Negotiations continue between Canadian parties and the United States. There have been no written proposals tabled by either of the parties since the proposals tabled in December 2003.

In May 2004 the International Trade Minister, Jim Peterson, hosted a federal-provincial-territorial ministers' meeting to discuss the ongoing softwood lumber dispute with the U.S. The ministers agreed to re-engage with the United States to find a durable policy-based solution to the softwood lumber dispute. The ministers stressed that forest policy reform, with clear and certain exits, must be the basis for re-engagement.

Chronology of Events Leading to the Current Status:

- **Negotiated Settlement:** on December 6, 2003 Canadian and US negotiators reached a tentative agreement to end the Canada-US softwood lumber dispute. The U.S. Coalition for Fair Lumber Imports supported this proposal. British Columbia and other provinces had several concerns about the proposal, especially whether it truly provides a road map to free trade. In January 12, 2004 meetings, the federal Minister of International Trade, Jim Peterson, raised the issue with U.S. Commerce Secretary Don Evans and U.S. Trade Representative Robert Zoellick. The proposed agreement included a quota on Canadian softwood lumber entering the United States. The federal government posted principles that it will follow in making initial quota allocations as well as information about the operation of a possible export control regime. These "Quota Allocation Principles" can be found on the DFAIT website ([Details](#)). The Canadian government consulted with provincial governments and industry about the proposed agreement.
- **US Policy Bulletin:** the US has worked with Canadian governments and industry to develop a policy bulletin. The policy bulletin outlines changes to provincial forest policies that would result in the countervailing duty (CVD) being revoked. A final draft was released for comment on June 18, 2003 and the comment period closed on August 22, 2003. A final policy bulletin has not yet been released. ([draft Policy Bulletin](#))
- **Discussions on Interim Measure:** On May 23, 2003 the federal Department of Foreign Affairs and International Trade (DFAIT) gave the U.S. Department of Commerce a proposal for an

interim agreement that led to a series of negotiations. On July 24, 2003 the Canadian and US federal governments jointly forwarded a proposal for an interim agreement based on reintroducing a quota system for Canadian lumber entering the U.S. The quota would replace U.S. duties while long term reforms in provincial forestry policies are being implemented under the Policy Bulletin process. However, the negotiations stalled in late July when the U.S. Coalition for Fair Lumber Imports imposed a new series of conditions. This negotiation effort was the third failed attempt since the expiry of the Softwood Lumber Agreement on March 31, 2001.

- **Draft Policy Bulletin:** On June 18, 2003 the US Department of Commerce published a draft [policy bulletin](#) that, once finalized, would guide it in reviewing applications from Canadian provinces for changed circumstances reviews respecting the countervailing duty order.
- **Discussions with the U.S.** Starting in the fall of 2001, the U.S. and Canadian governments held discussions to determine whether possible policy changes could lead to a durable resolution of the softwood lumber trade dispute. The B.C. government was engaged in these talks, along with the federal and other provincial governments. These talks broke off on March 21, 2002. Canada and the U.S. were unable to agree on the rate of the proposed transitional export tax, and issues related to provincial forest policy changes. In addition, the U.S. did not accept Canada's proposal for binding dispute resolution by an independent third party.

• [Top](#)

• [Top](#) • [Copyright](#) • [Disclaimer](#) • [Privacy](#)

• [Government of British Columbia](#)