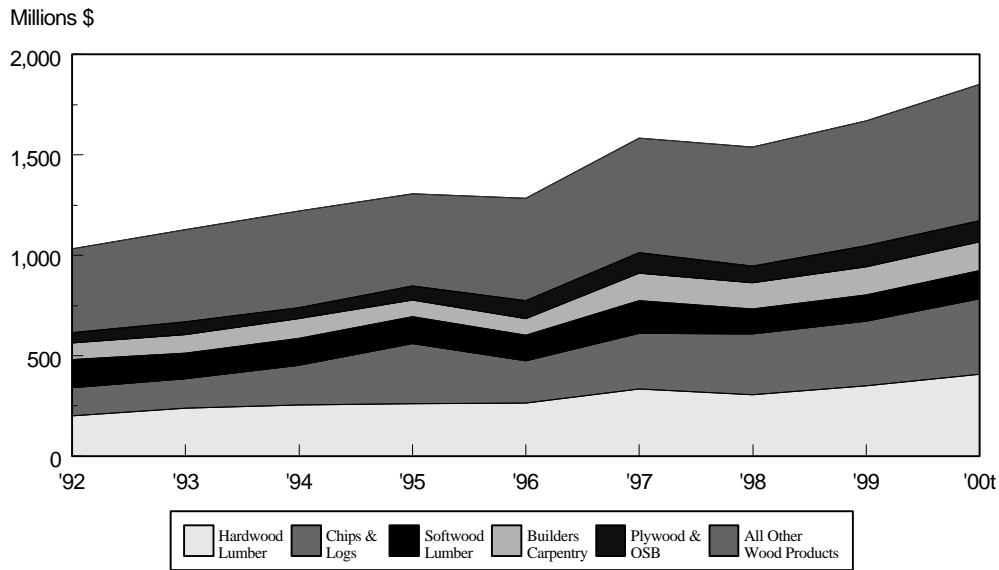


Canada



Total Exports in 1999: \$1,672 million



Tariff Schedule for U.S. products:

Item	HS Code	2000 Applied Rate*	Bound Rate
Logs	4403	0%	0%
Lumber	4407	0%	0-4.5%
Veneer	4408	0%	0%
Softwood Moulding & Flooring	4409.10	0%	0-4.5%
Hardwood Moulding & Flooring	4409.20	0%	0-3.7%
Particleboard & OSB	4410	0%	2.7-6.1%
Fiberboard	4411	0%	4.4-6.1%
Plywood, Veneered Panels, & Similar Laminated Wood	4412	0%	5.3-9.7%
Windows & Frames	4418.10	0%	6.1-8.2%
Doors & Frames	4418.20	0%	0-7.4%
Parquet Panels, Other Builders' Carpentry, & Fabricated Structural Members	4418.30-90	0%	0-6.1%

*U.S. rate under U.S.-Canada FTA

Canada



Non-Tariff Barriers

- Downstream producers of many types of wood products, most notably softwood lumber producers, benefit from administratively set stumpage prices (price of standing timber). Many argue that these stumpage prices are arbitrary and artificially low, and amount to a significant subsidy to Canadian producers.
- U.S. exports are generally readily accepted by Canadian purchasers and face few technical barriers to trade.

Trends and Recent Developments

- The U.S.-Canada Softwood Lumber Agreement is due to expire on March 31, 2001. Under the terms of the current agreement, 14.7 billion board feet (BBF) of softwood lumber (and related products) from British Columbia (BC), Alberta, Ontario and Quebec can be exported annually to the United States fee-free. Volumes in excess of 14.7 BBF and up to 15.35 BBF are assessed an export tax of US \$53.94 per thousand board feet (MBF); volumes in excess of 15.35 BBF are assessed an export tax of US \$107.88/MBF. The export taxes are indexed to inflation. The Agreement allows for the shipment of additional fee-free lumber when prices exceed a certain level during any quarter. Saskatchewan, Manitoba and the Maritime Provinces are exempt from the export taxes.
- On October 6, 2000, Canadian International Trade Minister announced that Canada had reached an agreement in principle to settle the rougher headed lumber dispute under the U.S.-Canada Softwood Lumber Agreement. Under the terms of the Agreement, Canada will be allowed to ship an additional 72.5 million board feet of fee-free lumber in return for Canada agreeing to withdraw arbitration proceedings under the Agreement.
- On September 11, 2000, the World Trade Organization (WTO) established at Canada's request a dispute settlement panel to examine the treatment of export constraints under the United States' countervailing duty regime. Canada is seeking a clarification of the consistency of the U.S. rules with the provisions of the WTO before the expiration of the U.S.-Canada Softwood Lumber Agreement, which is due to expire on March 31, 2000. In the United States' 1992 countervailing duty investigation of Canadian softwood lumber products, the Department of Commerce found a net subsidy rate of 3.6 percent ad valorem for log export restrictions in British Columbia. It is Canada's view that export restraints are not subsidies as defined under the WTO's Agreement on Subsidies and Countervailing Measures.
- On August 26, 1999, the United States and Canada reached an agreement to offset BC's stumpage rate (rate for standing timber) reduction, resulting in an increase in the fees

collected on exports of softwood lumber from BC to the United States.

- Effective January 4, 1999, the Canadian Food Inspection Agency began requiring heat or chemical treatment of solid wood packing material from China (including Hong Kong) due to continued interceptions of the Asian Longhorned Beetle.