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## **Bush Administration Issues Policy Bulletin on Softwood Lumber**

To provide the basis for a durable solution to the decades-old dispute between the United States and Canada regarding softwood lumber, the Commerce Department today issued a policy bulletin that outlines the standards for a market-based timber sales system. If a Canadian province believes it has made the necessary changes to meet these standards, the policy bulletin allows that province to apply for a “changed circumstance review” to try to qualify for revocation of the current countervailing duty (CVD) order. The policy bulletin therefore provides an incentive for Canadian provinces to move to market-based systems of timber sales and ensure fair market value for sales of standing timber.

“This is a major step toward developing a long-term solution to the softwood lumber dispute that has plagued the United States and Canada for over twenty years,” stated Under Secretary of Commerce for International Trade Grant Aldonas, who authored the policy bulletin. “On a range of issues, President Bush and Secretary Evans have consistently said that they are committed to resolving the root causes of disputes, and this policy bulletin on softwood lumber demonstrates that commitment in a big way. By confronting the underlying problems in one of the longest running and most difficult trade problems, we hope to encourage an integrated North American lumber market and put an end to the softwood lumber dispute once and for all.”

The policy bulletin lays out policies and procedures for the conduct of the changed circumstance reviews. If a province can demonstrate through this review that its timber sales program is truly market based, then that province may qualify for revocation of the existing CVD order. Under the CVD law, and as guided by the policy bulletin, this means that provinces must sell their timber for a price that ensures adequate remuneration, or fair market value.

The policy bulletin will be published in the Federal Register within 7 days, initiating a public comment period. Parties will have 30 days to submit comments, and another 14 days to submit rebuttal comments. Comments and rebuttals will be posted at <http://ia.ita.doc.gov/>.

This bulletin was drafted as part of an ongoing dialogue between U.S. and Canadian federal governments on forest policy reform as the path toward a long-term solution to the softwood lumber dispute. This dialogue has involved extensive interaction between the U.S. and Canadian industries, and has also included state, provincial, and federal forestry officials, the Council of Economic Advisors, Congressional leaders, and various other stakeholders, including consumer and environmental groups. This ongoing dialogue has included discussions about the possibility of an interim agreement to replace existing litigation resulting from the softwood lumber dispute. Although the policy bulletin is being published for comment independently of an interim agreement, the two share a common theme and would be mutually supportive of contributing to a long-term, durable solution.

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