EXHIBIT C

EXECUTIVE OFFICE OF THE PRESIDENT
DEPUTY UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

September 30, 2013

Simon Kennedy
Deputy Minister of International Trade
Office of the Minister of International Trade
Lester B. Pearson Building, Floor B5
125 Sussex Drive
Ottawa, Ontario
KIA OG2

Dear Deputy Minister Kennedy:

I have the honor to confirm the following understanding reached between representatives of the Government of the United States and the Government of Canada ("the Parties") with respect to procedures for resolving a disagreement between them concerning implementation of the Award issued by the Tribunal in LCIA Arbitration No. 81010 on January 20, 2011 ("the Award"), conducted pursuant to the 2006 U.S. – Canada Softwood Lumber Agreement ("SLA").

The Award found, *inter alia,* that certain programs in the Canadian provinces of Ontario and Quebec were in breach of the SLA, and provided that Canada must cure the breaches or apply certain compensatory adjustments (the "Compensatory Adjustments"). Canada began applying the Compensatory Adjustments on March 1, 2011.

Pursuant to SLA Article XVIII, the SLA remains in force during a period starting on the date of entry into force (October 12, 2006) and ending seven years later (October 12, 2013), unless the Parties agree to extend the SLA. On January 23, 2012, the Parties agreed to extend the SLA through October 12, 2015. The Parties disagree on whether the Award obligates Canada to apply the Compensatory Adjustments past October 12, 2013.

In furtherance of the spirit of continuing cooperation between the United States and Canada with respect to the implementation of the SLA, including arbitration awards, and taking note of Article XIV(1) of the SLA, which provides for dispute settlement regarding "any matter" arising under the Agreement, the Parties seek resolution of their differences according to the terms set out below.

(1) The Parties will submit to the LCIA the attached joint Request for Arbitration to resolve the question presented at paragraph (4) below. The Request will include a copy of this Understanding between the Parties on the terms and procedures for the arbitration.

(2) The Parties will request that the LCIA appoint the original tribunal in LCIA Arbitration No. 81010. If either of the Party-nominated arbitrators in LCIA Arbitration No. 81010 is unavailable, the respective Party will nominate a replacement within 15 days. If the Chair is unavailable, the Party-nominated arbitrators shall agree on a replacement Chair within 15 days of the appointment of both of the Party-nominated arbitrators. If either of the Parties fails to nominate a replacement arbitrator within 15 days or if the arbitrators fail to decide upon a replacement Chair within 15 days, the LCIA will appoint the replacement. The Parties will endeavour to form the Tribunal as quickly as possible.

(3) Only paragraphs 11, 12, 13, 15, 16, 18, 20, and 21 of Article XIV of the SLA apply to any proceedings necessary to resolve the question presented. In addition, such proceedings are to be conducted under the LCIA Arbitration Rules in effect on the date the SLA was signed, irrespective of any subsequent amendments (except that Article 21 of the LCIA Rules does not apply), as modified by the SLA and by the Understanding or as the Parties may decide in the future.

(4) The Parties will request that the Tribunal determine which of the following positions is the correct interpretation of the Award:

(a) Canada's position is that the Award requires Canada to collect the Compensatory Adjustments specified in the Award only until the expiration date of the SLA as it existed at the time of the Award (i.e., October 12, 2013.)

(b) The U.S. position is that the Award requires Canada to continue to apply the Compensatory Adjustments for as long as the SLA remains in effect until Canada has collected the amounts of change in U.S. producer surplus identified in the Award because, based on Canada's reported collections referenced in paragraph (8)(b) below, Canada will not collect these amounts by October 12, 2013.

(5) The Parties will ask that the Tribunal provide a determination as soon as possible, after the Parties file their final submissions, to the question of whether Canada must continue to apply the Compensatory Adjustments after October 12, 2013, and that the Tribunal issue its Award explaining the determination as soon as practicable thereafter.

(6) Canada will provide to the United States, within 3 business days of the date of entry into effect of the Understanding, the confidential information provided to the Tribunal in LCIA Arbitration No. 81010 (including confidential information contained in all confidential submissions, exhibits, expert reports, transcripts of the hearing and the confidential Award and any attachments). The Parties have decided that Procedural Order No. 2 (June 25, 2008) in LCIA Arbitration No. 81010 will apply in this proceeding.

(7) As the question presented is one of clarifying the Award, each Party will rely only upon the facts and evidence that are already in the record of LCIA Arbitration No. 81010. For clarity, neither Party will use this proceeding to litigate the issue of whether the rates of export charges, or the amounts to be collected, identified in the Award should be increased or decreased, but will limit their submissions to the question stated in paragraph (4). Each Party will rely only upon exhibits and other evidence already in the record of LCIA Arbitration No. 81010. Further, neither Party will submit any additional exhibits or other evidence, including exhibits or other evidence from fact or expert witnesses, and the Parties agree that the Tribunal may consider only exhibits and other evidence already in the record of LCIA Arbitration No. 81010.

(8) Notwithstanding paragraph (7):

(a) the Parties stipulate that the SLA has been extended through October 12, 2015; and

(b) Canada stipulates that (i) as of May 31, 2013, it has identified $435,461 in tax revenue as a result of levying an additional 0.1 percent export charge on Ontario lumber exports, and $19,312,164 in tax revenue as a result of levying an additional 2.6 percent export charge on Quebec lumber exports (subject to variances going forward for late returns, refunds and future assessments); and (ii) it will provide timely updates on collections to the United States or the Tribunal, upon request, while the proceeding is underway.

The Parties understand that the extension of the SLA and the collection amounts are within the scope of the arbitration, but differ on their significance or relevance.

(9) Each Party will file two written submissions at the same time as the other Party. Each Party's first submission will not be longer than 50 pages and will be due approximately 50 days after the formation of the Tribunal. Each Party's second submission will not be longer than 25 pages and will be due approximately 28 days later.

(10) Neither party will request a hearing, which should not be necessary to resolve the question presented. The Parties consider that any matter that could not be sufficiently addressed through consideration of the Parties' written submissions be addressed via written questions from the Tribunal and written responses or, if necessary, via teleconference or videoconference.

The Parties understand that each of them reserves all of its rights under the SLA, the LCIA Awards, and applicable provisions of domestic law. Nothing in this Understanding prevents or limits the United States or Canada from enforcing its rights, if either Party considers that the other Party has not abided by the Understanding.

I have the honor to propose that this letter and your letter of confirmation in reply, in the English and French languages, constitute the Understanding between our two Governments, which comes into effect on the date of your confirmation in reply.

Sincerely,

Ambassador Miriam Sapiro
Deputy United States Trade Representative

Foreign Affairs, Trade and Development Canada
Affaires étrangères, Commerce et Développement Canada

Deputy Minister of International Trade
Sous-ministre du Commerce international

September 30, 2013

Ambassador Miriam Sapiro
Deputy United States Trade Representative
Office of the United States Trade Representative
600 17th Street N.W.
Washington, D.C. 205508
United States of America

Miriam

Dear Ambassador Sapiro:

I am pleased to receive your letter of today's date, which reads as follows:

> I have the honour to confirm the following understanding reached between representatives of the Government of the United States and the Government of Canada ("the Parties") with respect to procedures for resolving a disagreement between them concerning implementation of the Award issued by the Tribunal in LCIA Arbitration No. 81010 on January 20, 2011 ("the Award"), conducted pursuant to the 2006 U.S. – Canada Softwood Lumber Agreement ("SLA").
>
> The Award found, *inter alia,* that certain programs in the Canadian provinces of Ontario and Quebec were in breach of the SLA, and provided that Canada must cure the breaches or apply certain compensatory adjustments (the "Compensatory Adjustments"). Canada began applying the Compensatory Adjustments on March 1, 2011.
>
> Pursuant to SLA Article XVIII, the SLA remains in force during a period starting on the date of entry into force (October 12, 2006) and ending seven years later (October 12, 2013), unless the Parties agree to extend the SLA. On January 23, 2012, the Parties agreed to extend the SLA through October 12, 2015. The Parties disagree on whether the Award obligates Canada to apply the Compensatory Adjustments past October 12, 2013.
>
> In furtherance of the spirit of continuing cooperation between the United States and Canada with respect to the implementation of the SLA, including arbitration awards, and taking note of Article XIV(1) of the SLA, which provides for dispute settlement regarding "any matter" arising under the Agreement, the Parties seek resolution of their differences according to the terms set out below.

.../2

(1) The Parties will submit to the LCIA the attached joint Request for Arbitration to resolve the question presented at paragraph (4) below. The Request will include a copy of this Understanding between the Parties on the terms and procedures for the arbitration.

(2) The Parties will request that the LCIA appoint the original tribunal in LCIA Arbitration No. 81010. If either of the Party-nominated arbitrators in LCIA Arbitration No. 81010 is unavailable, the respective Party will nominate a replacement within 15 days. If the Chair is unavailable, the Party-nominated arbitrators shall agree on a replacement Chair within 15 days of the appointment of both of the Party-nominated arbitrators. If either of the Parties fails to nominate a replacement arbitrator within 15 days or if the arbitrators fail to decide upon a replacement Chair within 15 days, the LCIA will appoint the replacement. The Parties will endeavour to form the Tribunal as quickly as possible.

(3) Only paragraphs 11, 12, 13, 15, 16, 18, 20, and 21 of Article XIV of the SLA apply to any proceedings necessary to resolve the question presented. In addition, such proceedings are to be conducted under the LCIA Arbitration Rules in effect on the date the SLA was signed, irrespective of any subsequent amendments (except that Article 21 of the LCIA Rules does not apply), as modified by the SLA and by the Understanding or as the Parties may decide in the future.

(4) The Parties will request that the Tribunal determine which of the following positions is the correct interpretation of the Award:

(a) Canada's position is that the Award requires Canada to collect the Compensatory Adjustments specified in the Award only until the expiration date of the SLA as it existed at the time of the Award (i.e., October 12, 2013.)

(b) The U.S. position is that the Award requires Canada to continue to apply the Compensatory Adjustments for as long as the SLA remains in effect until it has collected the amounts of change in U.S. producer surplus identified in the Award because, based on Canada's reported collections referenced in paragraph (8)(b) below, Canada will not collect these amounts by October 12, 2013.

(5) The Parties will ask that the Tribunal provide a determination as soon as possible, after the Parties file their final submissions, to the question of whether Canada must continue to apply the Compensatory Adjustments after October 12, 2013, and that it issue its Award explaining the determination as soon as practicable thereafter.

(6) Canada will provide to the United States, within 3 business days of the date of entry into effect of the Understanding, the confidential information provided to the Tribunal in LCIA Arbitration No. 81010 (including confidential information contained in all confidential submissions, exhibits, expert reports, transcripts of the hearing and the confidential Award and any attachments). The Parties have decided that Procedural Order No. 2 (June 25, 2008) in LCIA Arbitration No. 81010 will apply in this proceeding.

(7) As the question presented is one of clarifying the Award, each Party will rely only upon the facts and evidence that are already in the record of LCIA Arbitration No. 81010. For clarity, neither Party will use this proceeding to litigate the issue of whether the rates of export charges, or the amounts to be collected, identified in the Award should be increased or decreased, but will limit their submissions to the question stated in paragraph (4). Each Party will rely only upon exhibits and other evidence already in the record of LCIA Arbitration No. 81010. Further, neither Party will submit any additional exhibits or other evidence, including exhibits or other evidence from fact or expert witnesses, and the Parties agree that the Tribunal may consider only exhibits and other evidence already in the record of LCIA Arbitration No. 81010.

(8) Notwithstanding paragraph (7):

(a) the Parties stipulate that the SLA has been extended through October 12, 2015; and

(b) Canada stipulates that (i) as of May 31, 2013, it has identified $435,461 in tax revenue as a result of levying an additional 0.1 percent export charge on Ontario lumber exports, and $19,312,164 in tax revenue as a result of levying an additional 2.6 percent export charge on Quebec lumber exports (subject to variances going forward for late returns, refunds and future assessments); and (ii) it will provide timely updates on collections to the United States or the Tribunal, upon request, while the proceeding is underway.

The Parties understand that the extension of the SLA and the collection amounts are within the scope of the arbitration, but differ on their significance or relevance.

(9) Each Party will file two written submissions at the same time as the other Party. Each Party's first submission will not be longer than 50 pages and will be due approximately 50 days after the formation of the Tribunal. Each Party's second submission will not be longer than 25 pages and will be due approximately 28 days later.

(10) Neither party will request a hearing, which should not be necessary to resolve the question presented. The Parties consider that any matter that could not be sufficiently addressed through consideration of the Parties' written submissions be addressed via written questions from the Tribunal and written responses or, if necessary, via teleconference or videoconference.

The Parties understand that each of them reserves all of its rights under the SLA, the LCIA Awards, and applicable provisions of domestic law. Nothing in this Understanding prevents or limits the United States or Canada from enforcing its rights, if it considers that the other Party has not abided by the Understanding.

I have the honor to propose that this letter and your letter of confirmation in reply, in the English and French languages, constitute the Understanding between our two Governments, which comes into effect on the date of your confirmation in reply.

I have the honour to confirm that the understanding expressed in your letter is shared by my Government, and that your letter and this reply bring into effect this Understanding between our two governments on this day.

Sincerely,

Simon Kennedy
Deputy Minister of International Trade

Foreign Affairs, Trade and Development Canada
Affaires étrangères, Commerce et Développement Canada

Deputy Minister of International Trade
Sous-ministre du Commerce international

30 septembre 2013

Ambassadrice Miriam Sapiro
Représentante adjointe au commerce des États-Unis
Cabinet du représentant au commerce des États-Unis
600 17th Street, N.W.
Washington, D.C. 20508
États-Unis d'Amérique

Madame, Miriam

Je suis heureux de recevoir votre lettre datée d'aujourd'hui, qui se lit comme suit :

> J'ai l'honneur de confirmer l'entente suivante conclue entre les représentants du gouvernement des États-Unis et du gouvernement du Canada (« les Parties ») en ce qui concerne la mise en œuvre des procédures visant à régler le différend les opposant dans le cadre de l'application de la décision rendue le 20 janvier 2011 (« la décision ») par le tribunal relativement au dossier n° 81010 de la London Court of International Arbitration (LCIA), décision qui a été rendue en vertu de l'Accord de 2006 sur le bois d'œuvre résineux entre le gouvernement du Canada et le gouvernement des États-Unis (« ABR »).
>
> Dans la sentence, le tribunal a notamment établi que certains programmes des provinces canadiennes de l'Ontario et du Québec ne respectaient pas l'ABR, et que le Canada devait prendre les mesures correctives nécessaires ou alors appliquer certains ajustements compensatoires (« ajustements compensatoires »). Le Canada a commencé à appliquer les ajustements compensatoires le 1er mars 2011.
>
> Conformément à ce qui est énoncé à l'article XVIII de l'ABR, l'ABR demeure en vigueur à compter de la date de son entrée en vigueur (12 octobre 2006) et prend fin sept ans après (12 octobre 2013), à moins que les parties décident d'un prolongement. Le 23 janvier 2012, les Parties ont convenu de prolonger l'ABR jusqu'au 12 octobre 2015. Les parties ne s'entendent pas sur la question à savoir si la décision oblige le Canada à appliquer les ajustements compensatoires après le 12 octobre 2013.
>
> En vue d'assurer l'esprit de collaboration soutenue entre les États-Unis et le Canada au regard de la mise en œuvre de l'ABR, notamment en ce qui concerne les décisions arbitrales, et en tenant compte de l'article XIV(1) de l'ABR, qui prévoit le lancement de la procédure de règlement des différends à l'égard de « toute question » relevant de l'accord, les Parties cherchent à régler leurs différends en fonction des modalités énoncées ci-dessous.

…/2

1) Les Parties soumettront à la LCIA la demande d'arbitrage ci-jointe afin de régler le différend présenté au paragraphe 4) ci-dessous. La demande comprendra une copie de la présente entente conclue entre les Parties et portant sur les modalités et la procédure de l'arbitrage.

2) Les Parties demanderont à la LCIA de nommer les arbitres qui ont composé le tribunal original dans le cadre du dossier d'arbitrage no 81010. Si l'arbitre de l'une ou l'autre des Parties dudit dossier n'est plus disponible, la partie en question nommera un remplaçant dans un délai de 15 jours. Si le président du tribunal n'est pas disponible, les arbitres nommés par les parties devront s'entendre sur un président remplaçant dans un délai de 15 jours après leur nomination. Si l'une ou l'autre des Parties ne réussit pas à nommer un arbitre remplaçant dans le délai prévu de 15 jours, ou si les arbitres ne parviennent pas à s'entendre sur la nomination d'un président remplaçant dans les 15 jours suivant leur nomination, il reviendra à la LCIA de nommer le remplaçant. Les Parties s'efforceront de constituer le tribunal le plus rapidement possible.

3) Seuls les paragraphes 11, 12, 13, 15, 16, 18, 20 et 21 de l'article XIV de l'ABR s'appliquent à la procédure qui sera utilisée pour régler la question. Par ailleurs, la procédure doit être menée conformément aux Règles d'arbitrage de la LCIA en vigueur à la date de signature de l'ABR, indépendamment de toute modification subséquente (l'article 21 des Règles de la LCIA ne s'applique pas), tel que modifié par l'ABR et par l'entente, ou selon ce dont les Parties pourraient convenir ultérieurement.

4) Les Parties demanderont au tribunal de déterminer laquelle des positions suivantes constitue la bonne interprétation de la sentence.

   a) La position du Canada est que la décision prévoit que le Canada doit appliquer les ajustements compensatoires précisés dans ladite décision jusqu'à la date d'expiration de l'ABR, telle qu'elle était indiquée (c.-à-d. le 12 octobre 2013) au moment où la décision a été rendue.

   b) La position des États-Unis est que la sentence prévoit que le Canada doit continuer à appliquer les ajustements compensatoires aussi longtemps que l'ABR demeure en vigueur et jusqu'à ce qu'il ait perçu les montants relatifs aux changements dans l'excédent de production des États-Unis indiqué dans la sentence. Les États-Unis fondent leur position sur le fait que, d'après les montants perçus et déclarés par le Canada, lesquels sont mentionnés au paragraphe (8)(b) ci-dessous, le Canada ne percevra pas ces montants d'ici le 12 octobre 2013

5) Après avoir soumis leurs exposés finaux, les Parties demanderont au tribunal de déterminer le plus rapidement possible si le Canada devra continuer à appliquer les ajustements compensatoires après le 12 octobre 2013, et d'expliquer sa décision dès que possible.

6) Le Canada transmettra aux États-Unis, dans un délai de trois jours ouvrables suivant l'entrée en vigueur de l'entente, l'information confidentielle fournie au tribunal dans le cadre du dossier d'arbitrage n° 81010 de la LCIA (y compris l'information confidentielle figurant dans tous les exposés, les éléments de preuve, les rapports d'experts, les transcriptions de l'audiences et de la décision confidentielle et toute pièce jointe connexe). Les Parties ont convenu que l'ordonnance de procédure n° 2 (25 juin 2008) du dossier d'arbitrage n° 81010 de la LCIA s'appliquera à la présente procédure.

7) Comme il est question de clarifier la sentence faisant l'objet du différend, chaque partie se fondera uniquement sur les faits et les preuves qui figurent déjà dans les registres du dossier d'arbitrage n° 81010 de la LCIA. Pour plus de précision, les parties ne pourront se prévaloir de la présente procédure pour plaider la question de savoir si le taux des droits à l'exportation, ou si les montants à retenir, selon ce qui est établi dans la sentence, doivent être augmentés ou diminués, et limiteront leurs exposés à la question exposée au paragraphe (4). Ainsi, chaque partie se fondera uniquement sur les preuves matérielles et autres éléments de preuve qui figurent déjà dans les registres du dossier d'arbitrage n° 81010 de la LCIA. En outre, aucune des parties ne pourra produire d'autres preuves matérielles ou autres éléments de preuve, notamment ceux qui proviennent des témoins des faits ou des témoins experts. Par ailleurs, les Parties conviennent que le tribunal peut tenir compte seulement des preuves matérielles et d'autres éléments de preuve qui figurent déjà dans les registres du dossier d'arbitrage n° 81010 de la LCIA.

8) Nonobstant le paragraphe 7,

   a) Les Parties précisent que l'ABR a été prolongée jusqu'au 12 octobre 2015.

   b) Le Canada précise que, i) le 31 mai 2013, il a déclaré 435 461 $ en revenus fiscaux découlant du prélèvement d'un taux supplémentaire de 0,1 p. 100 des droits à l'exportation sur les exportations ontariennes de bois d'œuvre, et 19 312 164 $ en revenus fiscaux découlant du prélèvement d'un taux supplémentaire de 2,6 p. 100 des droits à l'exportation sur les exportations québécoises de bois d'œuvre (sous réserve de variations ultérieures pour les retards, les

remboursements et les évaluations futures); et ii) il présentera aux États-Unis ou au tribunal des mises à jour régulières sur les perceptions, sur demande, pendant le déroulement de la procédure.

Les Parties comprennent que l'extension de l'ABR et que les montants perçus s'inscrivent dans le cadre de l'arbitrage, mais qu'ils diffèrent en termes d'importance ou de pertinence.

9) Chaque partie présentera deux exposés écrits en même temps que l'autre partie. Le premier exposé de chaque partie devra contenir un maximum de 50 pages et sera soumis dans les 50 jours, environ, suivant la formation du tribunal. Le deuxième exposé de chaque partie devra contenir un maximum de 25 pages et sera soumis 28 jours environ après le premier exposé.

10) Aucune des parties ne demandera la tenue d'une audience, qui ne devrait pas être nécessaire pour régler la question faisant l'objet du différend. Les Parties considèrent que toute question qui n'aura pas été suffisamment traitée au moyen de l'examen de leurs exposés écrits respectifs devra être traitée au moyen de questions écrites du Tribunal, et de réponses écrites envoyées à ce dernier ou, si besoin est, par téléconférence ou vidéoconférence.

Les Parties sont conscientes qu'elles conservent tous leurs droits en vertu de l'ABR, des sentences rendues par la LCIA et des dispositions applicables des lois nationales. Aucune disposition de la présente entente n'empêche les États-Unis ou le Canada de faire respecter leurs droits ou ne leur impose des limitations à cet égard, dans l'éventualité où l'une ou l'autre des Parties ne se conformait pas à l'entente.

J'ai l'honneur de proposer que la présente lettre, et votre lettre de confirmation, en anglais et en français, constituent l'entente conclue par nos gouvernements, laquelle entrera en vigueur à la date de votre réponse de confirmation.

J'ai l'honneur de confirmer que l'entente décrite reçoit l'assentiment de mon gouvernement, et que votre lettre et cette réponse servent de fondement à l'entrée en vigueur de ladite entente conclue entre nos deux gouvernements à compter d'aujourd'hui.

Je vous prie d'agréer, Madame, mes salutations distinguées,

Simon Kennedy
Sous-ministre du Commerce international