SOFTWOOD LUMBER AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF CANADA

THE GOVERNMENT OF THE UNITED STATES OF AMERICA ("UNITED STATES") AND THE GOVERNMENT OF CANADA ("CANADA")

HAVE AGREED as follows:

ARTICLE I

Scope of coverage

1. This Agreement ("SLA 2006") applies to trade in Softwood Lumber Products. Softwood Lumber Products are those products listed in Annex 1A. For domestic implementation and administration purposes only, Canada shall rely on the Canadian Table of Concordance in Annex 1B.

2. No products shall be added to, or removed from, the scope of the SLA 2006 after April 27, 2006 without the agreement of the Parties, regardless of a decision, ruling, determination, or re-determination by a Party, the effect of which would be to:

(a) classify or reclassify a product within or outside a tariff item in Annex 1A; or

(b) determine or rule that a product is within or outside a product description in Annex 1A.

3. If there is a dispute as to whether a product is a Softwood Lumber Product, a Party shall refer the matter to a Technical Working Group established under Article XIII(C), by providing written notice of the referral to the other Party.

4. Within 60 days after a Party provides written notice under paragraph 3, the Technical Working Group shall review the matter and, where possible, provide a non-binding recommendation to the Parties regarding whether the product in question falls within or outside a tariff item or product description in Annex 1A.

5. If, following the 60-day period specified in paragraph 4, the Parties fail to resolve the matter, either Party may initiate dispute settlement under Article XIV.

6. If a tribunal established under Article XIV issues an award clarifying whether a product falls within or outside a tariff item or product description in Annex 1A, the award shall govern whether the SLA 2006 applies to the product.

ARTICLE II

Entry into force

1. The SLA 2006 shall enter into force on a date designated by the Parties in an exchange of letters (the "Effective Date"). The exchange of letters shall confirm that:

(a) the Termination of Litigation Agreement in Annex 2A has been signed:

(i) by counsel on behalf of all represented parties and participants to the actions set out in the Termination Agreement, and

(ii) by authorized representatives of any unrepresented parties or participants to the actions set out in the Termination Agreement;

(b) pursuant to Article 3.6 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*, the United States and Canada have signed and filed the Notification of Mutually Agreed Solution in Annex 2B with the WTO Dispute Settlement Body;

(c) the CIT has modified the injunctions against liquidation issued in *West Fraser v. United States* (Consol. Ct. No. 05-00079) to permit the United States to fulfill its obligations under Article III or has confirmed that fulfilling those obligations is not inconsistent with those injunctions;

(d) Canada has certified to the United States that it can administer the Export Charge and issue Export Permits as of the Effective Date;

(e) Canada and the United States have confirmed that Importers of Record that collectively account for not less than 95% of total cash deposits on Covered Entries and accrued interest have complied with all the requirements in paragraph 1 of Annex 2C;

(f) U.S. domestic interested parties that are companies and associations accounting for greater than 60% of U.S. production of softwood lumber in 2005 have filed with USDOC the irrevocable letters described in Article V and attached in Annex 5A on the Effective Date, to take effect on the Effective Date, and the United States has certified that the letters collectively account for greater than 60% of U.S. production of softwood lumber in 2005;

(g) one or more U.S. domestic interested parties that are unions have filed with USDOC the irrevocable letters described in Article V and attached in Annex 5A on the Effective Date, to take effect on the Effective Date; and

(h) USDOC has issued the finding in Annex 5B based on the letters in Annex 5A, effective on the Effective Date.

ARTICLE III

Revocation of antidumping and countervailing duty orders

1. On the Effective Date, the United States shall:

   (a) revoke retroactively the AD Order and the CVD Order ("the Orders") in their entirety as of May 22, 2002 without the possibility of their reinstatement; and

   (b) terminate all USDOC proceedings related to the Orders.

2. On the Effective Date, or no later than 3 days after the Effective Date, USDOC shall instruct USCBP, as set out in Annex 3, to:

   (a) cease collecting cash deposits, as of the Effective Date, on imports of Softwood Lumber Products from Canada; and

   (b) liquidate all Covered Entries made on or after May 22, 2002 without regard to antidumping or countervailing duties and refund all deposits collected on such entries with all accrued interest pursuant to 19 U.S.C. § 1677g(b) to the Importers of Record or their designates.

ARTICLE IV

Refund of antidumping and countervailing duty cash deposits

1. Within 10 days after the Effective Date, the United States shall begin to liquidate all Covered Entries made on or after May 22, 2002 without regard to antidumping or countervailing duties, and with interest pursuant to 19 U.S.C. § 1677g(b).

2. The United States shall complete the liquidation of Covered Entries and the refund of all cash deposits as soon as possible, but not later than 6 months after the publication in the *Federal Register* of the revocations referred to in Article III unless these entries are subject to an extension request under 19 U.S.C. § 1504(b) and 19 C.F.R. § 159.12.

3. The United States shall approve all initial and subsequent requests for extensions of time that Importers of Record or their designates make under 19 U.S.C. § 1504(b) and 19 C.F.R. § 159.12.

4. Canada or its agent shall purchase the rights to the amounts of the cash deposits for Covered Entries and accrued interest from the Escrow Importers and make disbursements in accordance with Annex 2C.

ARTICLE V

Commitments of the United States concerning trade remedy investigations and certain other actions

1. For the duration of the SLA 2006, including any extension pursuant to Article XVIII, the United States shall not:

(a) self-initiate an antidumping or countervailing duty investigation under Title VII of the *Tariff Act of 1930*, as amended, or any successor law ("Title VII"), with respect to imports of Softwood Lumber Products from Canada. If a petition is filed under Title VII with respect to imports of Softwood Lumber Products from Canada, the United States shall dismiss the petition on the basis of the irrevocable letters in Annex 5A ("no injury" letters) and the USDOC finding in Annex 5B. These letters shall be provided by U.S. domestic interested parties accounting for greater than 60% of U.S. production of softwood lumber in 2005 and by one or more unions. Industry association letters shall be effective with respect to their members' production, but members with an annual production of softwood lumber of over 200 million board feet in 2005 must individually provide a no injury letter to be counted toward the threshold of 60% of U.S. production. The signed no injury letters shall be appended to the SLA 2006 on the Effective Date;

(b) take action under Sections 201 to 204, inclusive, of the *Trade Act of 1974*, as amended, or any successor law, with respect to imports of Softwood Lumber Products from Canada;

(c) initiate an investigation or take action, including action pursuant to any prior determination, under Sections 301 to 307, inclusive, of the *Trade Act of 1974*, as amended, or any successor law, with respect to imports of Softwood Lumber Products from Canada; or

(d) take action under Section 204 of the *Agricultural Act of 1956*, as amended, or any successor law, with respect to imports of Softwood Lumber Products from Canada.

ARTICLE VI

Export measures

As of the Effective Date, Canada shall apply the Export Measures[1] to exports of Softwood Lumber Products to the United States.[2]

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[1] If any value referred to in the SLA 2006 is converted on the Date of Shipment from U.S. dollars to Canadian dollars, the conversion shall be based on the nominal noon exchange rate quoted by the Bank of Canada for the day before the Date of Shipment.

[2] Exports of Softwood Lumber Products from each Region that initially elects Option B (under Article VII) nevertheless shall be subject to Option A (under Article VII) from the Effective Date until December 31, 2006, by which time Canada shall have completed the arrangements necessary for the administration of Option B ("transition period"). Canada shall provide a refund of Export Charges paid during any month of the transition period to exporters in such a Region if, during that month, the Region exported no more than what the Region's volume restraint would have been had its exports been subject to Option B during the month. The refund amount shall be the difference between what the exporter paid in Export Charges for that month, and what the exporter would have paid in Export Charges for that month had the Region's exports been subject to Option B. Article VIII shall not apply during the transition period to a Region that elected Option B during a month in which it qualified for a refund. In determining the volume restraint levels which would have applied to an Option B Region during the transition period, the carry-forward and carry-back rules laid out in Annex 7B shall be taken into account for all of the months of the transition period.

ARTICLE VII

Export charge and export charge plus volume restraint

1. By the Effective Date, each Region shall elect to have Canada apply the measures in either Option A or Option B to exports of Softwood Lumber Products to the United States from the Region. Option A is an Export Charge collected by Canada, the rate of which varies based on the Prevailing Monthly Price, as provided in the table in paragraph 2. Option B is an Export Charge with a volume restraint, where both the rate of the Export Charge and the applicable volume restraint vary based on the Prevailing Monthly Price, also as provided in the table in paragraph 2. The Export Charge shall be levied on the Export Price. The Prevailing Monthly Price is defined in Annex 7A.

2. Subject to paragraphs 3 through 9, the Export Measures that Canada applies under Option A and Option B shall be based on the following table:

Prevailing Monthly Price	**Option A – Export Charge (Expressed as a % of Export Price)**	**Option B – Export Charge (Expressed as a % of Export Price) with Volume Restraint**
Over $US 355	No Export Charge	No Export Charge and no volume restraint
$US 336-355	5%	2.5% Export Charge + maximum volume that can be exported to the United States cannot exceed the Region's share of 34% of Expected U.S. Consumption for the month
$US 316-335	10%	3% Export Charge + maximum volume that can be exported to the United States cannot exceed the Region's share of 32% of Expected U.S. Consumption for the month
$US 315 or under	15%	5% Export Charge + maximum volume that can be exported to the United States cannot exceed the Region's share of 30% of Expected U.S. Consumption for the month

3. Under Option A, Canada shall collect from the Region's exporters on a monthly basis a charge on each export of Softwood Lumber Products to the United States equal to the percentage of the Export Price set out in the table in paragraph 2 that corresponds to the Prevailing Monthly Price.

4. Under Option B, Canada shall, on a monthly basis:

(a) collect from the Region's exporters a charge on each export of Softwood Lumber Products to the United States equal to the percentage of the Export Price set out in the table in paragraph 2 that corresponds to the Prevailing Monthly Price; and

(b) limit the Region's exports of those products during the month to the volume determined in accordance with Annex 7B.

5. An export of Softwood Lumber Products shall be deemed to occur in the same month as the Date of Shipment for that export.

6. For the purposes of calculating Export Charges, a Softwood Lumber Product that has an Export Price of $US 500 per MBF or more shall be deemed to have an Export Price of $US 500 per MBF.

7. The Export Charge on exports from Independent Manufacturers of Remanufactured Softwood Lumber Products that have been certified pursuant to Annex 7C shall be assessed on the basis of the definition of Export Price in Article XXI(25)(b) or (d).

8. Canada shall notify the United States of each Region's original Option election no later than 10 days after the Effective Date.

9. After the Effective Date, each Region shall have 2 opportunities to change the Option it has elected to apply to its exports of Softwood Lumber Products to the United States:

(a) the first opportunity to change Options shall be effective on the 1st day of January following the 3rd anniversary of the Effective Date; and

(b) the second opportunity to change Options shall be effective on the 1st day of January following the 6th anniversary of the Effective Date.

Canada shall provide written notice to the United States that a Region has elected to change its Option at least 30 days in advance of the January date referred to in subparagraphs (a) and (b). Softwood Lumber Products from a Region shall continue to be subject to the same Option as in the preceding period if Canada does not provide timely notice.

10. Canada shall require an Export Permit on each entry of Softwood Lumber Products exported to the United States.

ARTICLE VIII

Surge mechanism

1. This Article shall apply when the volume of exports of Softwood Lumber Products to the United States in any month from a Region that has elected Option A under Article VII exceeds the Region's Trigger Volume:

(a) if the volume of exports from the Region exceeds the Region's Trigger Volume by 1% or less in a month, Canada shall reduce the applicable Trigger Volume for that Region during the following month by the total MBF amount of the overage (*i.e.*, the amount by which actual exports exceeded the Trigger Volume);

(b) if the volume of exports from the Region exceeds the Region's Trigger Volume by more than 1% in a month, Canada shall apply retroactively to all exports to the United States from the Region during that month an additional Export Charge equal to 50% of the applicable Export Charge determined under Article VII(3) for that month.

2. For the purposes of this Article, a Regional Trigger Volume shall be calculated in accordance with Annex 8.

ARTICLE IX

Third country adjustment

1. Under either Option A or Option B, Canada shall refund to exporters in a Region in the amounts specified in paragraph 2, Export Charges they have paid during any 2 consecutive Quarters if all of the following circumstances have occurred in each such Quarter when compared with the same 2 consecutive Quarters from the preceding Year:[3]

(a) the share of U.S. Consumption attributable to non-Canadian imports ("third country market share") has increased by at least 20%;

(b) Canadian market share of U.S. Consumption has decreased; and

(c) U.S. domestic producers' market share of U.S. Consumption has increased.

2. Where the conditions in paragraph 1 are satisfied:

(a) if a Region has elected Option A, Canada shall refund to exporters in that Region the amount they paid, up to the equivalent of a 5% Export Charge on their exports in the 2 consecutive Quarters identified on the basis of paragraph 1;

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[3] For the purposes of Article IX, each individual Quarter included in 2 "consecutive Quarters" is to be compared only with the same Quarter from the preceding year. For example, the 2nd Quarter of 2007 would be compared to the 2nd Quarter of 2006 and the 1st Quarter of 2007 would be compared to the 1st Quarter of 2006 in order to determine if the conditions in paragraph 1 are satisfied.

(b) if a Region has elected Option B, Canada shall refund to exporters in that Region the full Export Charge they paid in the 2 consecutive Quarters identified on the basis of paragraph 1.

3. Canada shall not pay refunds to exporters from a Region if exports from that Region triggered the surge mechanism in Article VIII(1)(b) in either of the 2 consecutive Quarters in which the conditions identified in paragraph 1 were satisfied.

4. For purposes of this Article, U.S. Consumption, Canadian market share, third country market share and U.S. producers' market share shall be established in accordance with Annex 7D.

ARTICLE X

Exclusions from export measures

1. The Export Measures shall not apply to the following products:

(a) Softwood Lumber Products first produced in the Maritimes from logs originating in the Maritimes or Maine, that are:

(i) exported directly to the United States from a Maritime province, or

(ii) shipped to a province that is not a Maritime province, and reloaded or further processed and subsequently exported to the United States,

provided that the products are accompanied by an original Certificate of Origin issued by the Maritime Lumber Bureau. An original Certificate of Origin issued by the Maritime Lumber Bureau shall be a required entry summary document by USCBP. The Certificate must specifically state that the corresponding customs entries are for Softwood Lumber Products first produced in the Maritimes from logs originating in the Maritimes or Maine;

(b) Softwood Lumber Products first produced in the Yukon, Northwest Territories or Nunavut from logs originating in the Yukon, Northwest Territories or Nunavut; and

(c) Softwood Lumber Products produced by the companies listed in Annex 10.

2. Continued eligibility for exclusion of Softwood Lumber Products produced by the companies listed in Annex 10 shall be contingent on the following provisions:

(a) a base average monthly production shall be established for each company equivalent to its total production of Softwood Lumber Products for 2004 and 2005, divided by 24;

(b) subject to clauses (f) through (i), each company's annual export limit shall be that company's base average monthly production multiplied by the number of months in that Year that the Prevailing Monthly Price was not more than $US 355/MBF;

(c) for purposes of this subparagraph, a company's actual exports shall be determined at the end of the Year by summing the company's actual exports during the months when the Prevailing Monthly Price was not more than $US 355/MBF;

(d) if, in any Year, a company's actual exports do not exceed its annual export limit, the company shall not be subject to a volume reduction penalty in the following Year;

(e) if, in any Year, a company's actual exports exceed its annual export limit by 0.5% or less, the company shall not be subject to a volume reduction penalty in the following Year, and such exports shall be disregarded in determining whether the company has exceeded its annual export limit under clauses (f) through (i);

(f) if, in any Year, a company's actual exports exceed its annual export limit, its limit for the following Year shall be reduced by the amount of the excess;

(g) if, in any subsequent Year (whether or not consecutive), the company again exceeds its annual export limit, its limit for the following Year shall be reduced by twice the amount of the excess;

(h) if, in any subsequent Year (whether or not consecutive), the company again exceeds its annual export limit, its limit for the following Year shall be reduced by 3 times the amount of the excess; and

(i) if, in any subsequent Year (whether or not consecutive), the company again exceeds its annual export limit, the Softwood Lumber Products that company produces shall no longer be excluded from the Export Measures.

3. With respect to each company listed in Annex 10, the province in which the company is located shall provide Canada before the Effective Date with a certified statement attesting to the company's total production of Softwood Lumber Products for 2004 and 2005. Canada shall provide these statements to the United States within 10 days of receipt. This information shall not be treated as confidential under Article XVI. If exclusion of a company is limited to one or more mills, "company" in this Article shall be limited to those one or more mills. The Parties shall cooperate with respect to monitoring and enforcement, as contemplated in Article XV, in respect of claims of exclusion under this Article.

4. The Parties may agree to additional exclusions from the SLA 2006 for Softwood Lumber Products produced from U.S.-origin logs or logs originating on private land in Canada.

ARTICLE XI

General provisions

1. The SLA 2006 is without prejudice to the position of either Party as to:

   (a) the validity of the AD Order or the CVD Order or any determinations underlying those Orders;

   (b) the merits of, and any possible remedies arising from, any litigation related to those Orders; and

   (c) the legal effect of any decision of any court or other dispute settlement body regarding those Orders.

2. The operation and application of Section B of Chapter Eleven of the NAFTA is hereby suspended with respect to any matter arising under the SLA 2006 and any measure taken by a Party that is necessary to give effect to or implement the SLA 2006. Consequently, no claim under Section B of Chapter Eleven of the NAFTA may be made against a Party by investors of the United States or Canada in respect of any such matter or measure. The Parties shall inform each national Section of the NAFTA Secretariat of this provision.

3. The Annexes are an integral part of the SLA 2006. No Person may assert any rights under the SLA 2006.

ARTICLE XII

Regional exemptions from export measures

1. Within 3 months after the Effective Date, the Parties shall establish a Working Group on Regional Exemptions. The Working Group shall develop substantive criteria and procedures for establishing if and when a Region uses market-determined timber pricing and forest management systems and therefore that its exports of Softwood Lumber Products to the United States qualify for exemption from the Export Measures in Articles VII through IX and Article X(2). The Parties shall make best efforts to incorporate the results of the Working Group's work into an addendum to the SLA 2006 within 18 months after the Effective Date. The mandate and procedures for the Working Group are set out in Annex 12.

2. If a Region satisfies the substantive criteria and procedures for exemption developed and set forth in an addendum referred to in paragraph 1, Softwood Lumber Products from that Region shall be exempted from the Export Measures in Articles VII through IX and Article X(2) and thereafter subparagraphs (a) and (b) shall apply with respect to that Region.

(a) No public authority of Canada shall:

(i) modify the provincial timber pricing or forest management system as it existed on the date of the exemption, or change its administration in a manner that decreases the extent to which the system is market-determined. For purposes of this Article, a provincial timber pricing or forest management system includes, without limitation, the data, variables, and procedures that it employs, or

(ii) provide any grants or other benefits that offset, in whole or in part, the basis for the exemption under an addendum pursuant to paragraph 1. A grant or benefit shall be considered to offset, in whole or in part, the basis for the exemption, if it is provided, *de facto* or *de jure*, to producers or exporters of Softwood Lumber Products in the Region. This clause shall not apply to grants or benefits that satisfy the criteria in Article XVII(2)(a), (b), (c), (d), or (e). For purposes of determining whether a grant or benefit meets the criteria of Article XVII(2)(a), a measure shall not be considered to offset the basis for the exemption if it existed on the date on which the Region was exempted from the Export Measures pursuant to paragraph 1;

(b)

(i) If, in any Quarter, exports of Softwood Lumber Products from the Region to the United States exceed the sum of: (1) the total Regional production of those products during the Quarter; and (2) the total Regional inventory of those products during the Quarter, Canada shall impose retroactively on the exporters responsible for any such excess a charge equal to $C X, where X is determined according to the following formula:

X = ($C 200 multiplied by MBF export volume in excess of the sum of the exporter's total Regional production during the Quarter and the exporter's total Regional inventory during the Quarter),

(ii) Canada shall provide to the United States within 75 days after the end of each Quarter data on: (1) the total Regional production of Softwood Lumber Products during the Quarter; (2) the total Regional inventory of Softwood Lumber Products produced from timber originating in the Region during the Quarter; and (3) the volume of Softwood Lumber Products exported from the Region to the United States during the Quarter, and

(iii) if either Party identifies any excess exports described in clause (i), the Parties and the province concerned shall consult and exchange pertinent data concerning such excess exports.

ARTICLE XIII

Institutional arrangements

A. Private Initiatives

1. The Parties shall encourage interested Persons in Canada and the United States to create the binational industry council described in Annex 13.

2. By the Effective Date, the United States, in consultation with Canada, shall identify meritorious initiatives to receive the funds that are to be set aside for that purpose under Annex 2C. The funds shall support meritorious initiatives in the United States related to:

(a) educational and charitable causes in timber-reliant communities;

(b) low-income housing and disaster relief; and

(c) educational and public-interest projects addressing:

(i) forest management issues that affect timber-reliant communities, or

(ii) the sustainability of forests as sources of building materials, wildlife habitat, bio-energy, recreation, and other values.

B. Softwood Lumber Committee

1. The Parties shall establish a Softwood Lumber Committee, comprising an equal number of representatives of the Parties or their designees.

2. The Committee shall:

(a) supervise the implementation of the SLA 2006;

(b) oversee its further elaboration;

(c) supervise the Working Groups established under the SLA 2006; and

(d) consider any other matter that may affect the operation of the SLA 2006.

3. In exercising its functions, the Committee may:

(a) establish and delegate responsibilities to Working Groups or expert groups;

(b) seek the advice of Persons or non-governmental groups; and

(c) take such other action in the exercise of its functions as the Parties may agree.

4. The Committee shall establish its rules and procedures. All decisions of the Committee shall be taken by consensus, except as the Committee may otherwise agree.

5. The Committee shall convene at least once a Year in regular session and at such other times as the Committee may agree. Regular sessions shall be chaired successively by each Party.

C. Technical Working Groups

1. The Parties shall establish Technical Working Groups to meet upon the request of either Party. The Working Groups shall comprise an equal number of representatives of each Party with expertise in matters relating to the implementation and operation of the SLA 2006, including customs, tariff classification under the Harmonized Commodity Description and Coding System, softwood lumber markets and data sources and the technical specifications of Softwood Lumber Products.

2. Through the Working Groups, the Parties shall:

(a) ensure the effective implementation and application of the Export Charge in respect of Canadian exports of Softwood Lumber Products to the United States;

(b) ensure the effective administration of the customs-related aspects of the SLA 2006, including Export Permits, volume restraints, data collection, and exchange of information; and

(c) review and provide recommendations on issues including:

(i) matters referred to a Working Group pursuant to paragraph 3 of Article I;

(ii) the methodology established to calculate the Prevailing Monthly Price referred to in Annex 7A;

(iii) the methodology established to determine U.S. Consumption as set forth in Annex 7D; and

(iv) any other issues the Parties may jointly identify with respect to the operation of Annexes 7A through 7D and Annex 8, including, if required, the development of an alternative verification process to replace that provided under Article XV(19).

ARTICLE XIV

Dispute settlement

1. Either Party may initiate dispute settlement under this Article regarding any matter arising under the SLA 2006 or with respect to the implementation of Regional exemptions from Export Measures agreed upon by the Parties pursuant to Article XII.

2. Except as provided for in this Article, for the duration of the SLA 2006, including any extension pursuant to Article XVIII, neither Party shall initiate any litigation or dispute settlement proceedings with respect to any matter arising under the SLA 2006, including proceedings pursuant to the Marrakesh Agreement Establishing the World Trade Organization or Chapter Twenty of the NAFTA. For purposes of this paragraph, "litigation or dispute settlement proceedings" does not include actions related to alleged civil or criminal violations, including USICE/USCBP investigations or administrative penalty actions, or any proceedings related to such investigations or penalty actions.

3. Dispute settlement under this Article shall be conducted as expeditiously as possible.

4. A Party may initiate dispute settlement under this Article by requesting in writing consultations with the other Party regarding a matter arising under the SLA 2006. Unless the Parties agree otherwise, the Parties shall consult within 20 days of delivery of the request. The Parties shall make every attempt to arrive at a satisfactory resolution of the matter through consultations and shall exchange sufficient information to enable a full examination of the matter.

5. The Parties also may agree to submit the matter to non-binding mediation by a neutral third party in addition to, or in lieu of, the arbitration procedures set out in this Article.

6. If the Parties do not resolve the matter within 40 days of delivery of the request for consultations, either Party may refer the matter to arbitration by delivering a written Request for Arbitration to the Registrar of the LCIA Court. The arbitration shall be conducted under the LCIA Arbitration Rules in effect on the date the SLA 2006 was signed, irrespective of any subsequent amendments, as modified by the SLA 2006 or as the Parties may agree, except that Article 21 of the LCIA Rules shall not apply.

7. An arbitral tribunal shall comprise 3 arbitrators.

8. No citizen or resident of a Party shall be appointed to the tribunal.

9. Each Party shall nominate one arbitrator within 30 days after the date the arbitration commences pursuant to LCIA Article 1.2. Unless the Parties otherwise agree, if a Party fails to nominate an arbitrator within 30 days, the LCIA Court shall nominate that arbitrator.

10. The 2 nominated arbitrators shall jointly nominate the Chair of the tribunal within 10 days after the date on which the second arbitrator is nominated. The nominated arbitrators may consult with the Parties in selecting the Chair. If the nominated arbitrators fail to nominate a Chair within 10 days, the LCIA Court shall endeavour to nominate the Chair within 20 days thereafter.

11. The LCIA Court shall endeavour to appoint the 3 arbitrators thus nominated within 5 business days after the date on which the Chair is nominated.

12. Arbitrators shall be remunerated and their expenses paid in accordance with LCIA rates. Arbitrators shall keep a record and render a final account of their time and expenses, and the Chair of the tribunal shall keep a record and render a final account of all general tribunal expenses.

13. The legal place of arbitration shall be London, United Kingdom. All hearings shall be conducted in the United States or Canada as the tribunal may decide in its discretion.

14. The International Bar Association Rules on the Taking of Evidence in International Commercial Arbitration as adopted in 1999, as modified by the SLA 2006, shall apply in the arbitrations held under the SLA 2006, except that Article 6 of those Rules shall not apply.

15. If a Party wishes to designate information to be used in the arbitration as confidential, the tribunal shall establish, in consultation with the Parties, procedures for the designation and protection of confidential information. The procedures shall provide, as appropriate, for sharing confidential information for purposes of the arbitration with counsel to softwood lumber industry representatives or with provincial or state government officials.

16. Each Party shall promptly make the following documents available to the public, subject to Article XVI and any procedures established under paragraph 15:

(a) the Request for Arbitration;

(b) pleadings, memorials, briefs, and any accompanying exhibits;

(c) minutes or transcripts of hearings of the tribunal, where available; and

(d) orders, awards, and decisions of the tribunal.

17. Hearings of the tribunal shall be open to the public. The tribunal shall determine, in consultation with the Parties, appropriate arrangements for open hearings, including the protection of confidential information.

18. The tribunal shall give sympathetic consideration to domestic laws that:

(a) preclude a Party from disclosing information, when the tribunal determines whether that information is privileged from disclosure and whether to draw inferences from the Party's failure to disclose such information; or

(b) require a Party to disclose information subject to confidentiality procedures under paragraph 15.

19. The tribunal shall endeavour to issue an award not later than 180 days after the LCIA Court appoints the tribunal.

20. The tribunal's award shall be final and binding and shall not be subject to any appeal or other review. An award may be enforced solely as provided in this Article.

21. The tribunal may not award costs. $US 10 million shall be allotted from the funds allocated to the binational industry council described in Annex 13 to pay the costs of arbitrations under this Article, including the costs of arbitrators, hearing facilities, transcripts, assistants to the tribunal, and costs of the LCIA. Each Party shall bear its own costs, including costs of legal representation, experts, witnesses and travel.

22. If the tribunal finds that a Party has breached an obligation under the SLA 2006, the tribunal shall:

(a) identify a reasonable period of time for that Party to cure the breach, which shall be the shortest reasonable period of time feasible and, in any event, not longer than 30 days from the date the tribunal issues the award; and

(b) determine appropriate adjustments to the Export Measures to compensate for the breach if that Party fails to cure the breach within the reasonable period of time.

23. The compensatory adjustments that the tribunal determines under paragraph 22(b) shall consist of:

(a) in the case of a breach by Canada, an increase in the Export Charge and/or a reduction in the export volumes permitted under a volume restraint that Canada is then applying or, if no Export Charge and/or volume restraint is being applied, the imposition of such Export Charge and/or volume restraint as appropriate; and

(b) in the case of a breach by the United States, a decrease in the Export Charge and/or an increase in the export volumes permitted under a volume restraint that Canada is then applying.

Such adjustments shall be in an amount that remedies the breach.

24. Such adjustments may be applied from the end of the reasonable period of time until the Party Complained Against cures the breach.

25. In the case of a breach by Canada attributable to a particular Region, the tribunal shall determine the compensatory adjustment applicable to that Region.

26. If Canada considers that the United States has failed to cure a breach by the end of the reasonable period of time, Canada may make the compensatory adjustments that the tribunal has determined under paragraph 22(b).

27. If the United States considers that Canada has failed to cure a breach and has not made the compensatory adjustments that the tribunal has determined under paragraph 22(b) by the end of the reasonable period of time, the United States may impose compensatory measures in the form of volume restraints and/or customs duties on imports of Softwood Lumber Products from Canada, as follows:

(a) the amount of the volume restraints shall not exceed the adjustment to the volume restraints that the tribunal has determined; and

(b) the customs duties shall not exceed the adjustment to the Export Charges that the tribunal has determined.

28. Measures taken in accordance with paragraph 27 shall not be considered a breach of Article V. For greater certainty, the United States may initiate an investigation or take action with respect to Softwood Lumber Products under Sections 301 to 307 of the *Trade Act of 1974*, solely for the purpose of paragraph 27.

29. If, after the expiry of the reasonable period of time:

(a) the United States considers that the compensatory adjustments that Canada is applying reduce Export Charges or allow for export volumes beyond those that the tribunal has determined under paragraph 22(b);

(b) Canada considers that the compensatory measures the United States is applying exceed the levels authorized for those measures under paragraph 27; or

(c) the Party Complained Against considers that it has cured the breach, in whole or in part, such that the compensatory adjustments or measures should be modified or terminated, and the Complaining Party does not agree,

the Party may commence a new arbitration to address the matter, by delivering a written Request for Arbitration to the Registrar of the LCIA Court.

30. In any arbitration initiated under paragraph 29, the LCIA shall appoint to the tribunal the arbitrators comprising the original tribunal, to the extent they are available, within 10 days after the Request for Arbitration is delivered. Any member of the original tribunal who is no longer available shall be replaced in accordance with Article 11 of the LCIA Rules and paragraph 8. The tribunal shall endeavour to issue its award within 60 days after delivery of the Request for Arbitration referred to in paragraph 29.

31. If in its award in an arbitration initiated under paragraph 29, the tribunal finds that the compensatory adjustments or measures that are the subject of the arbitration are inconsistent with the award in the original arbitration or that the breach has been cured in whole or in part, the tribunal shall determine the extent to which the compensatory adjustments or measures should be modified or whether they should be terminated.

32. An award under paragraph 31 shall be effective as of the date that the compensatory adjustments or measures were imposed and, accordingly, shall provide that:

(a) Canada shall collect any Export Charge that the tribunal finds it should have imposed and the United States shall refund any customs duties that the tribunal finds it should not have collected, retroactive to that date; and

(b) Canada shall impose additional export volume restraints to compensate for any excess export volumes that the tribunal finds that Canada has allowed and Canada may increase the export volumes permitted under the export restraints to compensate for any excess import restraints the tribunal finds that the United States has imposed since that date, with these adjustments to be applied to exports from the pertinent Region or Regions in equal monthly amounts during a period following the award as determined by the tribunal.

ARTICLE XV

Information collection and exchange

A. Information Collection

1. Canada shall place Softwood Lumber Products on the Export Control List under the *Export and Import Permits Act*, as amended, or any successor law, require an Export Permit for each exportation to the United States of Softwood Lumber Products, and require any Person to which such a permit is issued to keep records relating to its issuance for 60 months after the issuance of the permit.

2. In connection with the issuance of an Export Permit under the *Export and Import Permits Act*, as amended, or any successor law, Canada shall require each exporter to the United States of Softwood Lumber Products to furnish to it the:

(a) Exporter's Business Number;

(b) name of exporter;

(c) Region of Origin;

(d) Customs Tariff (Canada) classification and product description;

(e) quantity in board feet, cubic meters, or square meters in nominal terms;

(f) Export Price;

(g) U.S. port of entry;

(h) anticipated U.S. entry date;

(i) name of importer or consignee;

(j) mode of transportation;

(k) Export Permit number;

(l) Canadian Date of Shipment; and

(m) Maritime Lumber Bureau Certificate of Origin number, if applicable.

3. In addition to the entry and entry summary information otherwise required for importation into the United States, the United States shall require importers of Softwood Lumber Products, under Section 484 of the *Tariff Act of 1930*, as amended, or any successor law, to furnish to it the Export Permit number and if applicable the original Maritime Lumber Bureau Certificate of Origin for each USCBP entry and may request additional information as provided under U.S. law.

4. Canada shall ensure that each Export Permit includes an Export Permit number that meets the format requirement of USCBP Form 7501. USCBP shall provide instructions on the required format for the Export Permit number on USCBP Form 7501. USCBP shall require transmission of the Export Permit number electronically to USCBP with the USCBP Form 7501 data elements. USCBP shall also require the submission of an Export Permit number for merchandise referred to in Article X. USCBP shall request the Export Permit, as needed, from the importer.

B. Information Exchange

5. The United States shall provide to Canada on a monthly basis, the data elements listed below for each entry summary of Canadian Softwood Lumber Products filed during the preceding month:

(a) Manufacturer Identification Number;

(b) Province;[4]

(c) 10-digit HTSUS Code and description as provided on USCBP Form 7501;

(d) quantity in board feet, cubic meters, or square meters in nominal terms, as required by the HTSUS;

(e) Appraised Value ($US) as defined by USCBP;

(f) U.S. port of entry;

(g) USCBP entry number;

(h) U.S. entry date;

(i) name of importer or consignee;

(j) mode of transportation; and

(k) Export Permit number.

6. No later than 20 days after the end of each month, the Parties shall exchange on a monthly basis aggregated Region-specific data collected pursuant to paragraphs 2 and 5, for the purpose of reconciling their data covering the preceding calendar month and the Year-to-date. Reconciliation shall be quarterly and shall be completed within 4 months after the end of the Quarter covered by the reconciliation. The aggregated Region-specific data collected under subparagraphs 2(c) through (g) shall not be treated as confidential under Article XVI.

[4] After the date of signature of the SLA 2006, the United States shall initiate a process to designate B.C. Coast and B.C. Interior as separate Regions for purposes of the SLA 2006. USCBP shall also provide guidance to importers on how to report the Region of first manufacture or first mill manufacture.

7. Canada shall provide to the United States on a monthly basis data on the total charges it assessed on exports of Softwood Lumber Products from each Region pursuant to the SLA 2006 covering the preceding calendar month and the Year-to-date, broken out by type of charge or refund, including any revisions. This information shall not be treated as confidential under Article XVI.

8. If the Parties cannot reconcile their Region-specific aggregated data, they shall exchange information regarding exports by specific exporters, importers, or manufacturers, and if necessary, regarding specific exports and imports, in order to achieve complete reconciliation within 9 months after the end of the pertinent Quarter.

9. The Parties shall cooperate to detect and prevent false designations of Region of Origin and false statements of export quantities. If necessary, USCBP may submit a request to the Bureau to visit the premises of the manufacturer(s) of the goods at issue, in order to ensure compliance with the *Export and Import Permits Act*, as amended, or any successor law. The Bureau shall conduct the visit following consultations between the Parties to define the nature of the problem and to agree on the information required by USCBP. The Bureau shall share information obtained relating to any such visit with USCBP.

10. The United States shall notify and consult with Canada on any:

(a) importation of Softwood Lumber Products from Canada that USCBP views as requiring an Export Permit but for which an Export Permit number has not been provided on USCBP Form 7501; and

(b) customs investigation that USICE initiates on or after the Effective Date regarding the importation of Softwood Lumber Products.[5]

11. Nothing in the SLA 2006 shall prevent a Party from imposing criminal, civil, or administrative penalties for violations of its laws and regulations relating to the matters governed by this Article.

12. Within 90 days after the Effective Date, Canada shall provide to the United States a list of the companies it has certified as Independent Manufacturers of Remanufactured Softwood Lumber Products pursuant to Annex 7C. Canada shall notify the United States in writing of any change in this list within 30 days after the change.

13. Canada shall notify the United States of any new or amended federal or provincial law, regulation, order-in-council, or other measure governing timber pricing or forest management systems related to Softwood Lumber Products, within 45 days after the measure is adopted or amended, as the case may be.[6] This information shall not be treated as confidential under Article XVI. Each Party shall respond to requests from the other for information relevant to the operation of the SLA 2006.

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[5] For purposes of this subparagraph, any communication between the Parties shall be conducted between the relevant agencies of the Parties.

[6] This obligation shall not apply with respect to the Maritimes, Nunavut, Yukon, or the Northwest Territories.

14. Canada shall notify the United States of any change to a timber pricing or forest management system Canada maintains is covered by paragraphs 2(a), 2(c), 2(d), or 4 of Article XVII, together with an explanation of why it is covered, including any evidence showing that such a change improves the statistical accuracy and reliability of a timber pricing or forest management system or maintains or improves the extent to which stumpage charges reflect market conditions, including prices and costs.

15. Based on sufficient information that it obtains, Canada shall certify to the United States each Quarter that, to the best of its knowledge and ability, it has no basis to believe that:

(a) the timber pricing and forest management systems of the provinces have been modified other than as notified in paragraph 14; and

(b) the provinces are collecting revenues at levels lower than required under those systems.

The sufficiency of the information that Canada obtains under this paragraph shall not be subject to arbitration pursuant to Article XIV.

16. The United States shall not use a request for information concerning the operation of the SLA 2006 to obtain information concerning the basis upon which Canada has made a certification under paragraph 15.

17. Within 6 months after the end of each Quarter, to the extent possible, Canada shall provide the United States with the total harvest volume of, and total revenues collected for Crown Softwood Sawtimber within each Region during the Quarter. If a Region is subject to the MPS, Canada shall provide in such reports the complete auction results datasets used to derive the market modeling regressions and coefficients and spreadsheets used for the calculation of the Average Market Price, if any, and all information needed to monitor any updates or modifications.

18. The United States shall certify to Canada each month that, to the best of its knowledge and ability, the following is correct:

(a) the U.S. softwood lumber shipment data published by the Western Wood Products Association (WWPA) is an unbiased estimate of actual shipments used in determining U.S. Consumption; and

(b) the FLC price published by Random Lengths Publishing Incorporated is an unbiased estimate.

19. With respect to a data source referred to in paragraph 18:

(a) either Party may, with the consent of a data source identified in paragraph 18, require that an agreed-upon third-party professional accounting firm conduct an independent audit of that data source, including verification of the compilation of the data and the accuracy of the input source data;

(b) alternatively, the Parties may request a Technical Working Group established under Article XIII(C) to verify the data; and

(c) if a data source identified in paragraph 18 refuses to consent to an audit under this paragraph, or if the Parties agree on the basis of an audit or otherwise that such source is an unreliable measure of shipments, exports or imports:

(i) the Parties shall select an alternative data source, and

(ii) to the extent that historical data is shown to be biased or unreliable and materially affected the Export Measures that were applied in a previous period and in respect to which exporters within a Region relied in good faith to their detriment, the Export Measures shall be re-adjusted on a retroactive basis to take this into account.

ARTICLE XVI

Confidentiality

1. Each Party shall treat as confidential, in accordance with its laws, information provided to it under the SLA 2006, that is not otherwise publicly available. Nothing in this Article shall be construed to limit a Party's authority under its domestic law to exempt information from disclosure.

2. A Party shall refuse to disclose information obtained in confidence from the other Party or an institution thereof under the SLA 2006, unless the Party providing the information consents to the disclosure or the information is otherwise publicly available.

3. The information referred to in paragraphs 1 and 2:

(a) may be used by and disclosed to government officials solely in connection with the implementation or operation of the SLA 2006 and subject to the disclosure requirements of the receiving Party's law; and

(b) shall not be used or disclosed in any trade action or investigation of the type referred to in Article V except with the written permission of the Party or Person providing the information.

4. Each Party shall handle information referred to in paragraphs 1 and 2 so as to prevent unauthorized disclosure. However, the Parties may transmit the information through e-mail or by fax, may process the information on unclassified computer systems and may store the information in locked filing cabinets or offices.

5. For greater certainty, the Parties affirm that the following information shall be treated as non-confidential, to the extent permissible under a Party's domestic law and except insofar as it discloses business confidential information:

(a) reports and recommendations of committees and working groups established under the SLA 2006;

(b) information provided under sub-paragraph 2(b)(ii) of Article XII;

(c) information provided under paragraphs 12, 14 (excluding any notification, explanation or evidence relating to Article XVII(2)(d)), and 17 of Article XV; and

(d) information provided under sub-paragraph 5(b) of Article XVII.

ARTICLE XVII

Anti-circumvention

1. Neither Party, including any public authority of a Party, shall take action to circumvent or offset the commitments under the SLA 2006, including any action having the effect of reducing or offsetting the Export Measures or undermining the commitments set forth in Article V.

2. Grants or other benefits that a Party, including any public authority of a Party, provides shall be considered to reduce or offset the Export Measures if they are provided on a *de jure* or *de facto* basis to producers or exporters of Canadian Softwood Lumber Products. Notwithstanding the foregoing, measures that shall not be considered to reduce or offset the Export Measures in the SLA 2006 include, without limitation:

(a) provincial timber pricing or forest management systems as they existed on July 1, 2006, including any modifications or updates that maintain or improve the extent to which stumpage charges reflect market conditions, including prices and costs.[7] Fluctuations in stumpage charges that result from such modifications or updates, including fluctuations resulting from changes in market conditions or other factors affecting the value of the province's timber, such as transportation costs, exchange rates, and timber quality and natural harvesting conditions, do not constitute circumvention. A provincial timber pricing or forest management system includes, without limitation, the data, variables, and procedures it employs;

(b) other government programs that provide benefits on a non-discretionary basis in the form and the total aggregate amount in which they existed and were administered on July 1, 2006;

(c) actions or programs undertaken by a Party, including any public authority of a Party, for the purpose of forest or environmental management, protection, or conservation, including, without limitation, actions or programs to reduce wildfire risk; protect watersheds; protect, restore, or enhance forest ecosystems; or to facilitate public access to and use of non-timber forest resources, provided that such actions or programs do not involve grants or other benefits that have the effect of undermining or counteracting movement toward the market pricing of timber;

(d) payments or other compensation to First Nations to address or settle claims; and

[7] MPS Updates shall not be considered "modifications or updates" for purposes of this subparagraph.

(e) measures that are not specific to the forest products industry.

3. Either Party may consult with the other if it believes the other Party has substantially failed to enforce its legal requirements in a manner that has a material impact on the price or cost of harvesting Softwood Sawtimber.

4. In respect of British Columbia:

(a) the MPS shall be considered a provincial timber pricing or forest management system that existed on July 1, 2006. Any action that conflicts with measures in the documents listed in Article XXI(35) may constitute circumvention;

(b) Canada warrants that a central purpose of the MPS is to implement a system that is more sensitive to market forces than pre-existing systems. The MPS and fluctuations in stumpage charges that result from the operation of the MPS, including fluctuations resulting from changes in market conditions or other factors, such as transportation costs, exchange rates, timber quality, and natural harvesting conditions, shall not constitute circumvention of the SLA 2006 or offset its commitments;

(c) modifications to the MPS that improve the statistical accuracy and reliability of the MPS regression equations (that relate winning bids on, or the number of bidders participating in, timber auctions to explanatory variables) shall not constitute circumvention of the SLA 2006 or offset its commitments; and

(d) compensation that the Government of British Columbia is legally obliged to pay for tenure rights taken back by the Province and determined by binding arbitration or negotiated settlements of legal claims approved by the Province's Minister of Finance and that have been certified by the Province's Attorney General as being in the public interest, shall not constitute circumvention of the SLA 2006 or offset its commitments.

5. In respect of exports of Softwood Lumber Products from the Maritimes to the United States covered by an original Maritime Lumber Bureau Certificate of Origin and that otherwise satisfy the requirements of Article X(1)(a):

(a) if, in any Quarter, the volume of exports exceeds the sum of the total production and total inventory of Softwood Lumber Products first produced from logs originating in the Maritimes or Maine in that Quarter, Canada shall retroactively collect a charge from the exporters responsible for the excess shipments. This charge shall equal $C X, where X is determined according to the following formula:

X = ($C 200 multiplied by the MBF export volume in excess of the sum of the exporter's total production and total inventory of Softwood Lumber Products produced from logs originating in the Maritimes or Maine during the Quarter)

(b) within 60 days after the end of each Quarter, the Maritime Lumber Bureau shall collect and submit to the Parties data on:

(i) total production and total inventory of Softwood Lumber Products first produced from logs originating in the Maritimes or Maine in the Quarter, and

(ii) exports of Softwood Lumber Products from the Maritimes excluded from the Export Measures under Article X(1)(a) that have been certified under the Maritime Lumber Bureau Certificate of Origin Program; and

(c) the Parties shall consult with the Maritime Lumber Bureau and shall exchange information regarding any excess exports that either Party identifies.

6. Transfers of quota allocation between Persons in a particular Region shall not constitute circumvention of the SLA 2006.

ARTICLE XVIII

Duration

The SLA 2006 shall remain in force for 7 years after the Effective Date and may be extended by agreement of the Parties for an additional 2 years. The domestic interested parties that have filed the letters in Annex 18, which shall be appended to Annex 18 on the Effective Date, shall not file petitions, and shall oppose initiation of an investigation, pursuant to Title VII of the *Tariff Act of 1930*, as amended, or Sections 301 to 305 of the *Trade Act of 1974*, as amended, with respect to imports of Softwood Lumber Products from Canada during the 12-month period after the expiration of the SLA 2006 under this paragraph. In addition, the United States shall not self-initiate such actions during that period. This paragraph shall not apply to a termination under any other provision of the SLA 2006, including Article XX.

ARTICLE XIX

Amendment

The SLA 2006 may be amended at any time by the Parties in writing.

ARTICLE XX

Termination

1. At any time after the SLA 2006 has been in force for 18 months, either Party may terminate the SLA 2006 by providing 6-month written notice of the intent to terminate to the other Party. On request of the Party receiving the notice, the Parties shall consult on the reasons for the termination. If the United States terminates the SLA 2006 under this paragraph, the domestic interested parties that have filed the letters in Annex 18, which shall be appended to Annex 18 on the Effective Date, shall not file petitions, and shall oppose initiation of an investigation, pursuant to Title VII of the *Tariff Act of 1930*, as amended, or Sections 301 to 305 of the *Trade Act of 1974*, as amended, with respect to imports of Softwood Lumber Products from Canada during the 12-month period after the SLA 2006 terminates. In addition, the United States shall not self-initiate such actions during that period. This paragraph shall not apply to a termination under any other provision of the SLA 2006, including paragraphs 2 through 4 of this Article or a termination by operation of Article XVIII.

2. If, pursuant to Article XIV:

   (a) Canada imposes compensatory adjustments under paragraph 26 of Article XIV, or

   (b) the United States imposes compensatory measures under paragraph 27 of Article XIV,

the other Party may request in writing consultations to discuss the status of the SLA 2006. The consultations shall be held within 10 days after the date on which the request is delivered. Following the consultations, either Party may terminate the SLA 2006 by providing 1-month written notice of the intent to terminate to the other Party.

3. The United States shall have the immediate and unconditional right to terminate the SLA 2006 if Canada fails to apply the Export Measures.

4. Canada shall have the immediate and unconditional right to terminate the SLA 2006 if the United States breaches its commitments in Article V.

ARTICLE XXI

Definitions

For purposes of the SLA 2006:

1. "ACH" or Automated Clearing House means a funds transfer system governed by the ACH Rules, as defined in 31 CFR § 210.2, which provides for the interbank clearing of electronic entries for participating financial institutions;

2. "AD Order" means the Antidumping Duty Order regarding Certain Softwood Lumber from Canada, 67 Fed. Reg. 36,068 (May 22, 2002), as amended;

3. "Appraised Value" means the value of imported merchandise determined in accordance with 19 U.S.C. § 1401a or any successor statute;

4. "Associated Persons" means:

(a) Persons related to each other in that:

(i) they are individuals connected by blood relationship, marriage, common-law partnership, or adoption within the meaning of subsection 251(6) of the *Income Tax Act*,

(ii) one is an officer or director of the other,

(iii) each such Person is an officer or director of the same 2 corporations, associations, partnerships, or other organizations,

(iv) they are partners,

(v) one is the employer of the other,

(vi) they directly or indirectly control or are controlled by the same Person,

(vii) one directly or indirectly controls or is controlled by the other,

(viii) any other Person directly or indirectly owns, holds or controls 5% or more of the outstanding voting stock or shares of each such Person, or

(ix) one directly or indirectly owns, holds or controls 5% or more of the outstanding voting stock or shares of the other;

or

(b) Persons not related to each other, but not dealing with each other at arm's-length. It is a question of fact whether Persons not related to each other were at a particular time dealing with each other at arm's-length;

5. "B.C. Coast" means the Coastal Forest Regions as defined by the existing *Forest Regions and Districts Regulation*, B.C. Reg. 123/2003;

6. "B.C. Interior" means the Northern Interior Forest Region and the Southern Interior Forest Region as defined by the existing *Forest Regions and Districts Regulation*, B.C. Reg. 123/2003;

7. "Board foot" or "BF" means the lumber volume equal to a one-inch board that is 12 inches in width and one foot in length. When calculating board feet, nominal sizes are assumed;

8. "British Columbia" means the B.C. Coast and the B.C. Interior;

9. "Bureau" means the Export and Import Controls Bureau of the Department of Foreign Affairs and International Trade;

10. "Canada" means, for purposes of the application of Export Measures, the territory to which Canadian customs laws apply, including any areas beyond the territorial seas of Canada within which, in accordance with international law and its domestic law, the Government of Canada may exercise rights with respect to the seabed and subsoil and their natural resources;

11. "CIT" means the U.S. Court of International Trade;

12. "Complaining Party" refers to the Party filing a Request for Arbitration;

13. "Covered Entries" means unliquidated entries that were subject to the AD Order and/or the CVD Order;

14. "CRA" means Canada Revenue Agency;

15. "CVD Order" means the Countervailing Duty Order regarding Certain Softwood Lumber from Canada, 67 Fed. Reg. 36,070 (May 22, 2002), as amended;

16. "Date of Shipment" means:

    (a) in the case of products exported by rail, the date when the railcar that contains the products is assembled to form part of a train for export; and

    (b) in any other case, the date when the products are loaded aboard a conveyance for export.

    If a shipment is transshipped through a Canadian reload or other inventory location, then the Date of Shipment shall be the date on which the merchandise leaves the reload or other inventory location for final shipment to the United States;

17. "Day" means a calendar day;

18. "Effective Date" means the date of entry into force of the SLA 2006 pursuant to Article II(1);

19. "Escrow Importer" means an Importer of Record that has fulfilled all of the requirements set forth in paragraph 1 of Annex 2C;

20. "Existing" means existing on the Effective Date of the SLA 2006;

21. "Expected U.S. Consumption" means the expected level of U.S. Consumption defined and calculated in accordance with paragraphs 12 through 14 of Annex 7D;

22. "Export Charge" means the charge levied by Canada on the Export Price of Softwood Lumber Products exported to the United States at the rates specified in Articles VII through IX;

23. "Export Measures" means the measures in Articles VII through IX, Article X(2), Article XII(2)(b)(i), and Article XVII(5)(a);

24. "Export Permit" means authority to export goods on the Export Control List (ECL), pursuant to the *Export and Import Permits Act*, as amended, or any successor law;

25. "Export Price" means:

(a) if the product has undergone only primary processing, the value that would be determined FOB at the facility where the product underwent its last primary processing before export;

(b) if the product was last remanufactured before export by an Independent Manufacturer of Remanufactured Softwood Lumber Products, the value that would be determined FOB at the facility where the softwood lumber used to make the remanufactured product underwent its last primary processing;

(c) if the product was last remanufactured before export by a remanufacturer that is not an Independent Manufacturer of Remanufactured Softwood Lumber Products, the value that would be determined FOB at the facility where the product underwent its last processing before export; or,

(d) for a product described in paragraphs (a), (b) or (c) in respect of which an FOB value cannot be determined, the market price for identical products sold in Canada at approximately the same time and in an arm's-length transaction, determined in one of the following 3 ways, listed in order of preference:

(i) at substantially the same trade level but in different quantities;

(ii) at a different trade level but in similar quantities; or

(iii) at a different trade level and in different quantities;

26. "Exporter's Business Number" means the identifier assigned by the CRA to a registered exporter of Softwood Lumber Products;

27. "FOB" means a value consisting of all charges payable by a purchaser including those incurred in the placement on board of the conveyance for shipment, but not including the actual shipping charges or charges levied pursuant to the SLA 2006;

28. "Household and Personal Effects" means merchandise classifiable under Chapter 98, Subchapters IV, V, & VI of the HTSUS;

29. "HTSUS" means the Harmonized Tariff Schedule of the United States;

30. "Importers of Record" means corporations, sole proprietorships, partnerships or U.S. residents that are importers of record for the purposes of U.S. law that imported Softwood Lumber Products from Canada from May 22, 2002 to the Effective Date;

31. "Independent Manufacturer of Remanufactured Softwood Lumber Products" means a Canadian manufacturer of Remanufactured Softwood Lumber Products that does not hold Crown tenure rights and, after the Effective Date, has not acquired standing timber directly from the Crown, and is not an Associated Person with respect to a Tenure Holder or any Person that has acquired standing timber directly from the Crown;

32. "LCIA" means the London Court of International Arbitration;

33. "Manufacturer Identification Number" means the identifying code for a manufacturer or shipper derived from its name and address as defined in 19 C.F.R. Part 102;

34. "Maritimes" means New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador;

35. "Market Pricing System" or "MPS" means:

(a) in the case of the B.C. Coast, the timber pricing policies and procedures in the Coast Appraisal Manual in effect on July 1, 2006; and the description of the system in the paper Market Pricing System – Coast (January 16, 2004); and

(b) in the case of the B.C. Interior, the timber pricing policies and procedures in the Interior Appraisal Manual in effect on July 1, 2006; its accompanying papers Specifications: Calculation of the Interior Average Market Price; Specifications: Calculation of Interior Stumpage Rates (both dated July 1, 2006); and the description of the MPS in the papers Interior Market Pricing System (June 1, 2006), Interior Market Pricing System Average Market Price (June 5, 2006), Interior Market Pricing System Tenure Obligation Adjustments (June 5, 2006), and Interior Market Pricing System Specified Operations (June 5, 2006);

For greater certainty, the B.C. Coast and B.C. Interior Appraisal Manuals in effect on July 1, 2006 are:

(a) in the case of the B.C. Coast, the manual dated February 29, 2004 and including all amendments through July 1, 2006; and

(b) in the case of the B.C. Interior, the manual dated November 1, 2004 and including all amendments through July 1, 2006.

The MPS includes any MPS Updates;

36. "MBF" means thousand board feet;

37. "MPS Updates" means any periodic revision to the Market Pricing System in accordance with the methods and procedures described in the documents referenced in the definition of "Market Pricing System" in paragraph 35. The MPS Updates to the Market Pricing System in the B.C. Interior and in the B.C. Coast, as described in the documents referred to in the definition of Market Pricing System, use substantially the same methods and procedures. MPS Updates shall come into force as amendments to, or new versions of, the Coast Appraisal Manual or the Interior Appraisal Manual;

38. "NAFTA" means the North American Free Trade Agreement;

39. "Parties" means Canada and the United States;

40. "Party" means Canada or the United States;

41. "Party Complained Against" refers to the Party responding to a Request for Arbitration;

42. "Person" means a natural person, sole proprietorship, partnership, corporation, union, or association;

43. "Prevailing Monthly Price" means the most recent four-week average of the weekly framing lumber composite ("FLC") prices available 21 days before the beginning of the month to which the Prevailing Monthly Price shall be applied, as specified in Annex 7A;

44. "Quarter" means, unless otherwise specified, the three-month periods commencing January 1, April 1, July 1 and October 1 of each Year;

45. "Region" means one of the following: Alberta, the B.C. Interior, the B.C. Coast, Manitoba, Ontario, Saskatchewan, or Quebec;

46. "Region of Origin" means the Region where the facility at which the Softwood Lumber Product was first produced into such a product is located, regardless of whether that product was further processed (for example, by planing or kiln drying) or was transformed from one Softwood Lumber Product into another such product (for example, a remanufactured product) in another Region, with the following exceptions:

    (a) the Region of Origin of Softwood Lumber Products first produced in the Maritime Provinces from logs originating in a non-Maritime province shall be the Region where the log originated; and

    (b) the Region of Origin of Softwood Lumber Products first produced in the Yukon, Northwest Territories or Nunavut (the "Territories") from logs originating outside the Territories shall be the Region where the log originated;

47. "Remanufactured Softwood Lumber Products" means Softwood Lumber Products that are produced by reprocessing lumber inputs by subjecting such inputs to one or more of the following: a change in thickness; a change in width; a change in length; a change in profile; a change in texture; a change in moisture; a change in grading; joining together by finger jointing; turning; or other processes that produce components, semi-finished and/or finished Softwood Lumber Products;

48. "Softwood Sawtimber" means timber used for production of Softwood Lumber Products;

49. "TIB" means that an entry summary supporting a temporary importation under bond has been filed with USCBP in paper form and the entry of articles is brought into the United States temporarily and claimed to be exempt from duty under Chapter 98, Subchapter XIII of the HTSUS;

50. "Tenure Holder" means a Person who holds specific rights to harvest timber in a Crown or public forest;

51. "USCBP" means U.S. Customs and Border Protection;

52. "USDOC" means the U.S. Department of Commerce;

53. "USICE" means U.S. Immigration and Customs Enforcement;

54. "U.S. Consumption" means, in any period, (1) Canadian softwood lumber exports to the United States, plus (2) U.S. softwood lumber imports from countries other than Canada, plus (3) U.S. shipments of softwood lumber, minus (4) U.S. exports of softwood lumber, as set forth in Annex 7D;

55. "United States" means, for purposes of importation, the customs territory of the United States and the foreign trade zones located in that territory;

56. "WTO" means the World Trade Organization; and

57. "Year" means, unless otherwise specified, the 12-month period commencing on January 1 of any year.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE in duplicate at Ottawa, this 12th day of September 2006, in the English and French languages, each version being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

FOR THE GOVERNMENT OF CANADA

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ANNEX 1A

Softwood Lumber Products

1. The products covered by the SLA 2006 are softwood lumber, flooring and siding ("Softwood Lumber Products"). Softwood Lumber Products include all products classified under subheadings 4407.1000, 4409.1010, 4409.1020, and 4409.1090, respectively, of the HTSUS, and any softwood lumber, flooring, and siding described below. These Softwood Lumber Products include:

(a) coniferous wood, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6 millimeters;

(b) coniferous wood siding (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded, or the like) along any of its edges or faces, whether or not planed, sanded, or finger-jointed;

(c) other coniferous wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded, or the like) along any of its edges or faces (other than wood moldings and wood dowel rods) whether or not planed, sanded, or finger-jointed;

(d) coniferous wood flooring (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rabbeted, chamfered, v-jointed, beaded, molded, rounded, or the like) along any of its edges or faces, whether or not planed, sanded, or finger-jointed; and

(e) coniferous drilled and notched lumber and angle cut lumber.

Other merchandise that shall be included in the definition of Softwood Lumber Products are:

(f) any product entering under HTSUS 4409.10.05 which is continually shaped along its end and/or side edges which otherwise conforms to the written definition of the scope; and

(g) lumber products that USCBP may classify as stringers, radius cut box-spring-frame components, and fence pickets, not conforming to the criteria listed in paragraph 4 below, as well as truss components, pallet components, and door and window frame parts, which may be classified under HTSUS subheadings 4418.90.45.90, 4421.90.70.40, and 4421.90.97.40.

2. Although the HTSUS subheadings are provided for convenience and USCBP purposes, the written description of the merchandise subject to the SLA 2006 is dispositive.

3. The following Softwood Lumber Products are excluded from the scope of the SLA 2006:

(a) trusses and truss kits, properly classified under HTSUS 4418.90;

(b) I-Joist beams;

(c) assembled box spring frames;

(d) pallets and pallet kits, properly classified under HTSUS 4415.20;

(e) garage doors;

(f) edge-glued wood, properly classified under HTSUS 4421.90.97.40;

(g) properly classified complete door frames;

(h) properly classified complete window frames;

(i) properly classified furniture;

(j) articles brought into the United States temporarily and claimed to be exempt from duty under Chapter 98, Subchapter XIII, of the HTSUS (TIB); and

(k) household and personal effects.

4. The following Softwood Lumber Products are excluded from the scope of the SLA 2006 provided that they meet the specified requirements detailed below:

(a) stringers (pallet components used for runners); if they have at least two notches on the side, positioned at equal distance from the center, to properly accommodate forklift blades, properly classified under HTSUS 4421.90.97.40;

(b) box-spring frame kits, if they contain the following wooden pieces – two side rails; two end (or top) rails; and varying numbers of slats. The side rails and the end rails should be radius-cut at both ends. The kits should be individually packaged, and should contain the exact number of wooden components needed to make a particular box spring frame, with no further processing required. None of the components exceeds 1 inch in actual thickness or 83 inches in length;

(c) radius-cut box-spring-frame components, not exceeding 1 inch in actual thickness or 83 inches in length, ready for assembly without further processing. The radius cuts must be present on both ends of the boards and must be substantial cuts so as to completely round one corner;

(d) fence pickets requiring no further processing and properly classified under HTSUS 4421.90.70, 1 inch or less in actual thickness, up to 8 inches wide, and 6 feet or less in length, and having finials or decorative cuttings that clearly identify them as fence pickets. In the case of dog-eared fence pickets, the corners of the boards should be cut off so as to remove pieces of wood in the shape of isosceles right angle triangles with sides measuring 3/4 of an inch or more;

(e) U.S.-origin lumber shipped to Canada for minor processing and imported into the United States, is excluded from the scope of the SLA 2006 if the following conditions are met: (1) if the processing occurring in Canada is limited to kiln drying, planing to create smooth-to-size board, and sanding, and (2) if the importer establishes to the satisfaction of USCBP that the lumber is of U.S. origin; and

(f) in addition, all Softwood Lumber Products entered claiming non-subject status based on U.S. country of origin shall be treated as excluded under the SLA 2006, provided that these Softwood Lumber Products meet the following condition: upon entry, the importer, exporter, Canadian processor and/or original U.S. producer establish to USCBP's satisfaction that the softwood lumber entered and documented as U.S.-origin softwood lumber was first produced in the United States as a lumber product satisfying the physical parameters of the softwood lumber scope.

5. Softwood Lumber Products contained in single family home packages or kits, regardless of tariff classification, are excluded from the scope of the SLA 2006 if the importer certifies to items (a), (b), (c), and (d) and requirement (e) is met:

(a) the imported home package or kit constitutes a full package of the number of wooden pieces specified in the plan, design or blueprint necessary to produce a home of at least 700 square feet produced to a specified plan, design or blueprint;

(b) the package or kit must contain all necessary internal and external doors and windows, nails, screws, glue, sub floor, sheathing, beams, posts, connectors, and if included in the purchase contract, decking, trim, drywall and roof shingles specified in the plan, design or blueprint;

(c) prior to importation, the package or kit must be sold to a retailer in the United States of complete home packages or kits pursuant to a valid purchase contract referencing the particular home design plan or blueprint, and signed by a customer not affiliated with the importer;

(d) Softwood Lumber Products entered as part of a single family home package or kit, whether in a single entry or multiple entries on multiple days, will be used solely for the construction of the single family home specified by the home design matching the USCBP import entry; and

(e) for each entry into the United States, the following documentation must be retained by the importer and made available to USCBP upon request:

(i) a copy of the appropriate home design plan, or blueprint matching the customs entry in the United States,

(ii) a purchase contract from a retailer of home kits or packages signed by a customer not affiliated with the importer,

(iii) a listing of inventory of all parts of the package or kit being entered into the United States that conforms to the home design package being imported, and

(iv) in the case of multiple shipments on the same contract, all items listed in (iii) which are included in the shipment at issue shall be identified as well.

ANNEX 1B

Canadian Table of Concordance - Harmonized Tariff Schedule of the United States (2006) with Canadian tariff equivalent*[8]

These tables list classification provisions for all products under paragraphs 1(a) through 1(g), paragraphs 3(a) through 3(k), and paragraph 4 of Annex 1A. Finalization of this concordance is subject to U.S. review and consultation at any time before the Effective Date.

I. Table relative to HTSUS references in Annex 1A (1) (a) through (g)

Heading/Subheading HTSUS 2006	**Stat. Suffix**	**Article Description**	**Canadian Customs Tariff** (CCT)
4407.10.00		Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding 6mm Coniferous	4407.10.00
	01	Finger-jointed	4407.10.00.11
		Other	
	02	Treated with paint, stain, creosote, or other preservative	4407.10.00.12
		Not treated	
	15	Mixtures of spruce, pine, and fir ("S-P-F")	4407.10.00.13
	16	Mixtures of western hemlock and amabilis fir (hem-fir)	4407.10.00.14
		Other:	
	17	Sitka Spruce (Picea sitchensis) Rough	4407.10.00.32
	18	Other	4407.10.00.22
	19	Other Spruce Rough	4407.10.00.33
	20	Other	4407.10.00.23
	42	Eastern White pine (Pinus Strobus) and red pine (Pinus resinosa): Rough	4407.10.00.52, 4407.10.00.53
	43	Other	4407.10.00.42, 4407.10.00.43
	44	Lodgepole pine (Pinus contorta): Rough	4407.10.00.54
	45	Other	4407.10.00.44

8 *Customs Tariff*, S.C. 1997, c. 36, Sch. 1.

	46	Southern yellow pine (Loblolly pine (Pinus taeda)), long leaf pine (Pinus palustris), pitch pine (Pinus rigida), short leaf pine (Pinus echinata), slash pine (Pinus elliottii) and Virginia pine (Pinus virginiana) Rough	4407.10.00.55, 4407.10.00.56
	47	Other	4407.10.00.45, 4407.10.00.46
	48	Ponderosa pine (Pinus ponderosa): Rough	4407.10.00.51
	49	Other	4407.10.00.41
	52	Other pine Rough	4407.10.00.59
	53	Other	4407.10.00.49
	54	Douglas-fir (Pseudotsuga menziesii) Rough Having a minimum dimension of less than 5.1 cm	4407.10.00.81
	55	Douglas-fir Rough Having a minimum dimension of 5.1 cm or more but less than 12.7 cm	4407.10.00.82
	56	Douglas-fir Rough Having a minimum dimension of 12.7 cm or more	4407.10.00.83
	57	Other (Douglas-fir)	4407.10.00.89
	58	Fir (Abies spp.) Rough	4407.10.00.36
	59	Other	4407.10.00.26
	64	Hemlock (Tsuga spp.) Rough	4407.10.00.35
	65	Other	4407.10.00.25
	66	Larch (Larix spp.) Rough	4407.10.00.31
	67	Other	4407.10.00.21
	68	Western Red Cedar Rough	4407.10.00.71
	69	Other	4407.10.00.61
	74	Yellow Cedar (Chamaecyparis nootkanensis) Rough	4407.10.00.72
	75	Other	4407.10.00.62
	76	Other Cedar (Thuja spp., Juniperus spp., Chamaecyparis spp., Cupressus spp. and Libocedrus spp.) Rough	4407.10.00.79
	77	Other	4407.10.00.69
	82	Redwood (Sequois sempervirens) Rough	4407.10.00.34
	83	Other	4407.10.00.24

	92	Other Rough	4407.10.00.92
	93	Other	4407.10.00.91
4409.10.10	20	Wood siding Resawn bevel siding: Western red cedar	4409.10.00.40
	40	Other	4409.10.00.40
	60	Other: Western red cedar	4409.10.00.40
	80	Other	4409.10.00.40
4409.10.90		Other Coniferous Wood	
	20	Western Red Cedar	4409.10.00.90
	40	Other	4409.10.00.90
4409.10.20	00	Wood flooring	4409.10.00.20
4409.10.05	00	Wood continuously shaped along any of its ends, whether or not also continuously shaped along any of its edges or faces, all the foregoing whether or not planed sanded or end-jointed	4409.10.00.90
		Builders' joinery and carpentry of wood, including cellular wood panels and assembled parquet panels; shingles and shakes	
4418.90.45	90	Other, Other, Other	4418.90.00.99
		Other Articles of Wood	
4421.90.70	40	Pickets, palings, posts and rails, the foregoing which are sawn; assembled fence sections Other	4421.90.90.60
4421.90.97	40	Other Other	4421.90.90.99

* 1.(e) Drilled and notched lumber and angle cut lumber – No concordance of HS numbers is possible under this provision as it applies to all Softwood Lumber Products covered under the SLA 2006, regardless of their classification.

II. Table relative to HTSUS references in Annex 1A (3) (a) through (k)

HTSUS	Excluded Product	Canadian Customs Tariff
4418.90	(a) trusses and truss kits	4418.90
N/A	(b) I-Joist beams	4418.90
N/A	(c) Assembled box spring frames	4421.90
4415.20	(d) Pallets and pallet kits	4415.20
N/A	(e) Garage doors	4418.20
4421.90.97.40	(f) Edge-glued wood	4421.90
N/A	(g) Complete Door Frames	4418.20
N/A	(h) Complete Window frames	4418.10
N/A	(i) Furniture	Chapters 44, 94
	(j) Articles brought into the United States temporarily and claimed to be exempt from duty under Chapter 98, Subchapter XIII of the HTSUS (TIB)	Chapters 98, 99
N/A	(k) Household and Personal Effects	(Too broad in scope, not possible to concord)

III. HTSUS references in Annex 1A (4)

HTSUS 4421.90.97.40 (Stringers) (See above: Table relative to HTSUS references in Annex 1A (1) (a) through (g))

HTSUS 4421.90.70 (Fence Pickets) (See above: Table relative to HTSUS references in Annex 1A (1) (a) through (g))

ANNEX 2A

Termination of Litigation Agreement

1. This Termination of Litigation Agreement (Termination Agreement) is a full and complete settlement of the issues raised by all of the parties in the following actions (the "Covered Actions"):

Certain Softwood Lumber Products from Canada (Original AD Investigation), Secretariat File No. USA-CDA-2002-1904-02;

Certain Softwood Lumber Products from Canada (CVD 1st Administrative Review), Secretariat File No. USA-CDA-2005-1904-01;

Certain Softwood Lumber Products from Canada (Section 129 Threat-of-Injury Determination), Secretariat File No. USA-CDA-2005-1904-03;

Certain Softwood Lumber Products from Canada (Section 129 AD Determination), Secretariat File No. USA-CDA-2005-1904-04;

Certain Softwood Lumber Products from Canada (AD 2nd Administrative Review), Secretariat File No. USA-CDA-2006-1904-01;

Certain Softwood Lumber Products from Canada (CVD 2nd Administrative Review), Secretariat File No. USA-CDA-2006-1904-02;

Certain Softwood Lumber Products from Canada (Final Scope Ruling Regarding Entries Made Under HTSUS 4409.10.05), Secretariat File No. USA-CDA-2006-1904-05;

Certain Softwood Lumber Products from Canada, Secretariat File No. ECC-2006-1904-01USA;

Tembec v. United States (Consol. Ct. No. 05-00028 (CIT)) and the cases consolidated therein;

West Fraser v. United States (Consol. Ct. No. 05-00079 (CIT)) and the cases consolidated therein;

Ontario Forest Industries Association et al. v. United States (Court No. 06-00156 (CIT));

West Fraser v. United States (Consol. Court No. 06-00157 (CIT)) and the cases consolidated therein;

Ontario Forest Industries Association et al. v. Canada (Court No. 06-168 (CIT));

Tembec et al. v. United States (Civil Action No. 05-2345 (U.S. District Ct. for the District of Columbia));

Coalition for Fair Lumber Imports Executive Committee v. United States (Civil Action No. 05-1366 (D.C. Cir.));

CLTA v. United States (Civil Action No. 05-1369 (D.C. Cir.));

Ontario Forest Industries Association et al. v. Canada et al. (Civil Action No. 06-989 (U.S. District Ct. for the District of Columbia));

Ontario Forest Industries Association et al. v. United States (Civil Action No. 06-1171 (D.C. Cir.));

NAFTA Chapter 11 claim of *Tembec Inc., Tembec Investments Inc. and Tembec Industries Inc. v. United States of America* (collectively "Tembec"); and

The *Consolidated Arbitration Pursuant to Article 1126 of the North American Free Trade Agreement (NAFTA) and the UNCITRAL Arbitration Rules between Canfor Corporation v. United States of America and Terminal Forest Products Ltd. v. United States of America.*

2. The parties irrevocably consent to the termination of the Covered Actions by the filing of the documents referenced in paragraph 3 on the date the 2006 Softwood Lumber Agreement Between the Government of Canada and the Government of the United States of America ("SLA 2006") enters into force, provided that on that date:

(a) the Countervailing Duty Order regarding Certain Softwood Lumber from Canada, 67 Fed. Reg. 36,070 (May 22, 2002), as amended, and the Antidumping Duty Order regarding Certain Softwood Lumber from Canada, 67 Fed. Reg. 36,068 (May 22, 2002), as amended (the "Orders"), are retroactively revoked in their entirety as of May 22, 2002 without the possibility that they could be reinstated;

(b) the U.S. Department of Commerce ("USDOC") terminates all USDOC proceedings related to the Orders; and

(c) USDOC has prepared the liquidation instructions attached as Annex 3 to the SLA 2006 and has committed to provide them to USCBP within 3 days after the date the SLA 2006 enters into force to ensure that no cash deposits are collected on the basis of the Orders on or after the date the SLA 2006 enters into force.

3. Canada or the United States, as the case may be, shall file consent motions for termination or notices of dismissal of the Covered Actions on the date the SLA 2006 enters into force. This Termination Agreement and a letter from the United States certifying the full satisfaction of the preconditions for termination listed in subparagraphs 2(a) through 2(c) shall constitute proof of unanimous consent to the termination of the Covered Actions.

4. Canada and the United States shall request dismissal of any new lawsuits concerning the same subject matter as the Covered Actions that are filed before the date of entry into force of the SLA 2006.

5. No party to this Termination Agreement shall seek to hold any other party liable to pay its costs and expenses of litigation relating to the Covered Actions.

6. This Termination Agreement is without prejudice to the position of any party on any issue in the Covered Actions.

7. The parties shall not re-file any of the Covered Actions.

8. For purposes of paragraphs 4, 5, and 7, *Certain Softwood Lumber Products from Canada (Original CVD Investigation),* Secretariat File No. USA-CDA-2002-1904-03 shall be treated in the same manner as a Covered Action.

9. This Termination Agreement may not be altered, amended, modified, or otherwise changed other than through the written agreement of all parties hereto.

10. This Termination Agreement shall bind the parties, their officers, directors, employees, predecessors, subsidiaries, heirs, executors, administrators, agents, successors, and assigns.

11. As evidence of their consent to this Termination Agreement, the parties, through their duly-authorized Representatives, have signed below with respect to each of the actions to which they are a party.

12. This Termination Agreement may be executed in counterparts, each one of which shall be deemed an original and all of which together shall constitute one and the same Termination Agreement.

By:

Signature Pages for Termination of Litigation Agreement

By: _____ **Dated:** _____, **2006**

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Counsel for 46501 BC Ltd., A.J. Forest Products Ltd., Allmac Lumber Sales Ltd., Aquila Cedar Products Ltd., Arbutus Manufacturing Ltd., Canfor Corporation, Carrier Forest Products Ltd., Carrier Lumber Ltd., Cheslatta Forest Products Ltd., Stuart Lake Lumber Company Ltd., Stuart Lake Marketing Corporation (aka Stuart Lake Marketing Inc.),West Chilcotin Forest Products, B&L Forest Products Ltd., Bakerview Forest Products Inc., Bridgeside Forest Industries, Ltd. (Bridgeside Higa Forest Industries Ltd.), Canyon Lumber Company Ltd., Cardinal Lumber Manufacturing & Sales Inc., Central Cedar Ltd., Centurion Lumber Manufacturing (1983) Ltd., Chasyn Wood Technologies Inc., City Lumber Sales and Services Ltd., Coast Clear Wood Ltd., Cooper Creek Cedar Ltd., Dakeryn Industries Ltd., Davron Forest Products Ltd., Delta Pacific Lumber Sales Inc., Doubletree Forest Products Ltd., ER Probyn Export Ltd., Errington Cedar Products Ltd., Faulkner Wood Specialties Limited (Faulkener Wood Specialities Limited), Forwest Wood Specialties Inc., Fraser Pacific Lumber Company, Fraser Pulp Chips Ltd., Fraserview Cedar Products Ltd., Goldwood Industries Ltd., Greenwood Forest Products (1983) Ltd., Hilmoe Forest Products Ltd., Howe Sound Forest Products (2005) Ltd., Galloway Lumber Ltd., Hudson Mitchell & Sons Lumber Inc., J.H. Huscroft Ltd., Jones Ties & Poles (1978) Ltd., Kalesnnikoff Lumber Co., Ltd., Pope & Talbot Inc. (and its wholly owned subsidiary Pope & Talbot Ltd.), Sigurdson Bros. Logging Company Ltd. (aka Sigurdson Brothers Logging Company Ltd.), Hyak Specialty Wood Products Ltd., Jasco Forest Products Ltd., Jazz Forest Products Ltd., Kenwood Lumber Ltd., Kootenay Innovative Wood Ltd., Lakeside Timber Ltd., Landmark Truss & Lumber Inc., Leslie Forest Products Ltd., Lindal Cedar Homes Company, Mid Valley Lumber Specialties Ltd., Mountain View Specialty Products Inc., North Shore Timber Ltd., North Star Wholesale Lumber Ltd., Olympic Industries Inc., Oregon-Canadian Holdings Inc., Pacific Lumber Remanufacturing Inc., Pacific Specialty Wood Products Ltd. (formerly Clearwood Industries Ltd.), Pallan Timber Products (2000) Ltd., Paragon Industries Ltd., Paragon Ventures Ltd. (Vernon Kiln and Millwork, Ltd. and 582912 BC, Ltd.), Pat Power Forest Products Corporation, Peak Forest Products Ltd., Porcupine Wood Products Ltd., Port Moody Timber Ltd., Power Wood Corp., 637537 B.C. Ltd., Quadra Wood Products Ltd., Raintree Lumber Specialties Ltd., Rielly Industrial Lumber Inc., Sawarne Lumber Co. Ltd., Seed Timber Co. Ltd., Seymour Creek Cedar Products Ltd., Shawood Lumber Inc., Sylvanex Lumber Products Inc., Top Quality Lumber Ltd., Teal Cedar Products Ltd., Teal-Jones Group and Teal-Jones Sales Ltd., Terminal Forest Products Ltd., TFL Forest Ltd. (aka TimberWest Forest Corp. and TimberWest Forest Company), TPI Timber Products International (1975) Ltd., Twin Rivers Cedar Products Ltd., Uphill Wood Supply Inc., Vancouver Specialty Cedar Products Ltd. (aka Vancouver Specialty Cedar Products), Vandermeet Forest Products (Canada) Ltd., Visscher Lumber Inc., Welco Lumber Corporation, and West Bay Forest Products and Manufacturing Ltd. (aka West Bay Forest Products & Mfg. Ltd. and West Bay Forest Products & Manufacturing Ltd.), Wynndel Box & Lumber Co. Ltd.

By: _____ **Dated:** _____, **2006**

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By: _____ **Dated:** _____, **2006**

George R. Tuttle
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Counsel for Anderson Wholesale Inc., North Pacific Trading, Western Rail Ltd.

By: _____ **Dated:** _____, **2006**

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Counsel for Apex Forest Products Inc., Aspen Planers Ltd., Buchanan Lumber Sales Inc. and the Buchanan affiliated mills (including Atikokan Forest Products Ltd., Buchanan Forest Products Ltd., Buchanan Northern Hardwood Inc., Dubreuil Forest Products Limited, Great West Timber Limited, Long Lake Forest Products Inc., McKenzie Forest Products Inc., Nakina Forest Products Limited, Northern Sawmills Inc., Northern Wood, and Solid Wood Products Inc.), Devlin Timber (1992) Ltd., Domtar Inc., Downie Timber Ltd., Federated Co-operatives Limited, Gorman Bros. Lumber Ltd., Haida Forest Products Ltd., Kenora Forest Products Ltd., Lecours Lumber Co. Limited, Liskeard Lumber Limited, Manitou Forest Products Ltd., Midway Lumber Mills Ltd., Mill & Timber Products Ltd., Nickel Lake Lumber, North Enderby Distribution Ltd., North Enderby Timber Ltd., Olav Haavaldsrud Timber Company Limited, R. Fryer Forest Products Limited, Selkirk Specialty Wood Ltd., Tall Tree Lumber Co., Tembec Inc., and Tyee Timber Products Ltd., Canadian American Business Council, Free Trade Lumber Council, Long Lake Forest Products Inc., Ontario Forest Industries Association and its members, Ontario Lumber Manufacturers Association and its members

By: _____ **Dated:** _____, **2006**

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Counsel for Apollo Forest Products Limited,
Buchanan Lumber Sales Inc. et al, Canadian Forest Products Ltd., Canfor Corporation and its affiliates, Canfor Wood Products Marketing Ltd., Lakeland Mills Ltd., Nechako Lumber Co., Ltd.; Slocan Forest Products Ltd., Winton Global Lumber Ltd. The Pas Lumber Co. Ltd. (Winton Global Lumber Ltd.), Bois Daaquam Inc., Sinclair Enterprises, Ltd., T'loh Forest Products Limited Partnership, and Crystal Forest Industries Ltd.

By: _____ **Dated:** _____, **2006**

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By: _____ **Dated:** _____, **2006**

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By: _____ **Dated:** _____, 2006

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2445 M Street, NW.
Washington, DC 20037-1420

Counsel for Bowater Incorporated and Its Canadian Subsidiaries et al., Quebec Lumber Manufacturers Association ("QLMA") and certain Quebec lumber producers, including Armand Duhamel & Fils Inc.; Bardeaux et Cedres St-Honore Inc. (also known as Bardeaux et Cedres); Barrette-Chapais Ltée.; Beaubois Coaticook Inc.; Blanchette et Blanchette Inc.; Boisaco Inc.; Bois Cobodex (1995) Inc.; Bois Daaquam Inc. (also known as Daaquam Lumber Inc.) Bois d'oeuvre Cedrico Inc. (also known as Cedrico Lumber Inc.); Bois de l'Est F.B. Inc.; Bois Granval G.D.S. Inc.; Bois Kheops Inc.; Bois Marsoui G.D.S. Inc.; Bois Nor Que Wood Inc.; Boscus Canada Inc.; Byrnexco Inc.; Careau Bois Inc; Carrier & Begin Inc.; Commonwealth Plywood Company Ltd. doing business as Bois Clo-Val (formerly Bois Clo-Val Inc.), W.C. Edwards Lumber (formerly The W.C. Edwards Co., Ltd.) and Enterprises Atlas (formerly Les Enterprises Atlas (1985) Inc.); Domexport, Inc.; Domtar Inc.; E. Tremblay Et Fils Ltée.; Fenclo Ltée.; G.D.S. Valoribois Inc.; Industries G.D.S. Inc.; Industries Maibec Inc. (also known as Maibec Industries Inc.); Industries Perron Inc.; Les Bois S&P Grondin Inc.; Les Chantiers de Chibougamau Ltée.; Les Produits Forestiers D.G. Ltée.; Les Produits Forestiers Dubé Inc.; Les Produits Forestiers F.B.M. Inc.; Les Produits Forestiers Maxibois Inc.; Les Produits Forestiers Miradas Inc. (also known as Miradas Forest Products Inc.); Les Produits Forestiers Portbec Ltée. (also known as Portbec Forest Products Ltd.); Les Scieries Du Lac St.-Jean Inc.; Lulumco Inc.; Marcel Lauzon Inc.; Matériaux Blanchet Inc.; Max Meilleur et Fils Ltée.; Mobilier Rustique (Beauce) Inc.; Optibois Inc.; Paul Vallée Inc.; Précibois Inc.; Produits Forestiers Arbec Inc. (also known as Arbec Forest Products Inc.); Promobois G.D.S. Inc.; Rembos Inc.; Rocam Lumber Inc. (also known as Bois Rocam Inc.); Scierie Gauthier Ltée.; Scierie Leduc, Division of Stadacona Inc.; Scierie Nord-Sud Inc. (also known as North-South Sawmill Inc.). Uniforêt Inc.; and Uniforêt Scierie-Pâte

By: _____ **Dated:** _____, 2006

Mark A. Moran
Steptoe & Johnson, LLP
1330 Connecticut Avenue, NW.
Washington, DC 20036-1795

Counsel for British Columbia Lumber Trade Council and its constituent associations, the Coast Forest Products Association (formerly known as the Coast Forest & Lumber Association) and the Council of Forest Industries, and their members, Canadian Lumber Trade Alliance and its constituent associations

By: _____ **Dated:** _____, 2006

W. George Grandison
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Washington, DC 20036-1795

British Columbia Lumber Trade Council and its constituent associations, The Coast Forest Products Association (formerly known as the Coast Forest & Lumber Association) and the Council of Forest Industries, and their members (Abitibi CIT action)

By: _____ **Dated:** _____, **2006**
Randolph J. Stayin
Barnes & Thornburg
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By: _____ **Dated:** _____, **2006**
Matthew M. Nolan
Arent Fox Kintner Plotkin & Kahn, PLLC
1050 Connecticut Avenue, NW.
Washington, DC 20036-5339

Counsel for International Forest Products Limited

By: _____ **Dated:** _____, **2006**
Harry L. Clark
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Counsel for Coalition for Fair Lumber Imports Executive Committee

By: _____ **Dated:** _____, **2006**
Keith Richard Marino
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Counsel for Commonwealth Plywood Co., Ltd.

By: _____ **Dated:** _____, **2006**
Joel R. Junker
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Counsel for Delta Cedar Products Ltd., Kispiox Forest Products; Millco Wood Products Ltd., Olympic Industries Inc.; Patrick Lumber Company; Sauder Industries Ltd., Sauder Mouldings, Inc. (Ferndale), Sunbury Cedar Sales Ltd.; and W.I. Woodtone Industries Inc.

By: _____ **Dated:** _____, **2006**
Charles Owen Verrill, Jr.
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Counsel for Western Forest Products Inc.

By: _____ **Dated:** _____, **2006**
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Washington, DC 20036-5306

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By: _____ **Dated:** _____, **2006**
Daniel J. Plaine
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By: _____ **Dated:** _____, **2006**
Daniel L. Porter
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Counsel for Dunkley Lumber Ltd.

By: _____ **Dated:** _____, **2006**
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Counsel for East Fraser Fiber Co. Ltd. and Parallel Wood Products Ltd., Jackpine Group of Companies: Jackpine Forest Products Ltd., Jackpine Engineered Wood Products Inc., and Redwood Value Added Products Inc.

By: _____ **Dated:** _____, **2006**
Livingston Wernecke
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Counsel for Fred Tebb & Sons, Inc.

By: _____ **Dated:** _____, **2006**
Gregory C. Dorris
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Washington, District of Columbia 20005-2004

Counsel for Frontier Mills Inc., Landmark Truss & Lumber Inc.

By: _____ **Dated:** _____, **2006**
Matthew J. Clark
Arent Fox Kintner Plotkin & Kahn, PLLC
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Washington, DC 20036-5339

Counsel for Gouvernement du Québec, Fontaine Inc., Kruger Inc. (and its affiliates Gerard Crete & Fils, Inc., Scierie Landrienne Inc., Scierie Gallichan, and P. Proulx Forest Products Inc.), and Scierie Nord-Sud

By: _____ **Dated:** _____, **2006**
Mark R. Sandstrom
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Counsel for Goodfellow Inc.

By: _____ **Dated:** _____, **2006**
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Counsel for Government of the Province of Alberta

By: _____ **Dated:** _____, **2006**
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Counsel for Government of the Province of British Columbia

By: _____ **Dated:** _____, **2006**
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By: _____ **Dated:** _____, **2006**
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Counsel for the Government of the Province of Manitoba and the Government of the Province of Saskatchewan

By: _____ **Dated:** _____, **2006**
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By: _____ **Dated:** _____, **2006**
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Counsel for Idaho Timber Corporation, Louisiana Pacific Corporation

By: _____ **Dated:** _____, **2006**
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General Counsel
Idaho Timber Corporation
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P.O. Box 67
Boise, Idaho 83706

Idaho Timber Corporation

By: _____ **Dated:** _____, **2006**
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Counsel for J.D. Irving, Limited, the Governments of the Provinces of New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island ("Maritime Provinces"), Maritime Lumber Bureau

By: _____ **Dated:** _____, **2006**
William D. Kramer
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Counsel for J.D. Irving, Limited

By: _____ **Dated:** _____, **2006**
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Counsel for Leggett & Platt (B.C.) Ltd., Leggett & Platt, Inc., Leggett & Platt Canada Co., Leggett & Platt Ltd., Pleasant Valley Remanufacturing Ltd.

By: _____ **Dated:** _____, **2006**
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By: _____ **Dated:** _____, **2006**
C. Charles Lumbert
P.O. Box 454
Jackman, Maine 40945

Moose River Lumber Company

By: _____ **Dated:** _____, **2006**
Richard Bennett
Rt. 1
Box 2L
Grangeville, ID 83530

Shearer Lumber Products

By: _____ **Dated:** _____, **2006**
Charles Thomas
PO Box 25
Shuqualak, MS 31069

Shuqualak Lumber Company

By: _____ **Dated:** _____, **2006**
M. Jean Anderson
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Washington, DC 20006-3642

Counsel for the Government of Canada

By: _____ **Dated:** _____, **2006**
W.J. Rusty Wood
PO Drawer E
Perry, Georgia 31069

Tolleson Lumber Company, Inc.

By: _____ **Dated:** _____, **2006**
Pierre Moreau
8000 Boulevard Langelier
Bureau 506
Saint-Léonard, Québec H1P 3K2

Uniforet Inc.

By: _____ **Dated:** _____, **2006**
Reginald T. Blades, Jr.
U.S. Department of Justice
Commerical Litigation Branch - Civil Division
1100 L Street, NW.
8th Floor
Washington, DC 20530

Counsel for the United States in W*est Fraser v. United States* (Consol. Ct. No. 05-00079 (CIT)) and the cases consolidated therein

By: _____ **Dated:** _____, **2006**
Stephen C. Tosini
U.S. Department of Justice
Commercial Litigation Branch - Civil Division
1100 L Street, NW.
Room 12020
Washington, DC 20530
Counsel for the United States in *Tembec v. United States* (Consol. Ct. No. 05-00028 (CIT)) and the cases consolidated therein; *Ontario Forest Industries Association et al. v. United States* (Court No. 06-00156 (CIT)); *West Fraser v. United States* (Consol. Court No. 06-00157 (CIT)) and the cases consolidated therein; and *Ontario Forest Industries Association et al. v. Canada* (Court No. 06-168 (CIT))

By: _____ **Dated:** _____, **2006**
Alexander Kenneth Haas
U.S. Department of Justice
20 Massachusetts Avenue, NW
Washington, D.C.

Counsel for the United States in *Tembec et al. v. United States* (Civil Action No. 05-2345 (U.S. District Ct. for the District of Columbia)); and *Ontario Forest Industries Association et al. v. Canada et al.* (Civil Action No. 06-989 (U.S. District Ct. for the District of Columbia))

By: _____ **Dated:** _____, **2006**

Douglas N. Letter
Litigation Counsel
U.S. Department of Justice
Civil Division, Appellate Staff
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Room 7513
Washington, D.C. 20530-0001

Counsel for the United States in *Coalition for Fair Lumber Imports Executive Committee v. United States* (Civil Action No. 05-1366 (D.C. Cir.)); *CLTA v. United States* (Civil Action No. 05-1369 (D.C. Cir.)); and *Ontario Forest Industries Association et al. v. United States* (Civil Action No. 06-1171 (D.C. Cir.))

By: _____ **Dated:** _____, **2006**

John D. McInerney
U.S. Department of Commerce
14th & Constitution Avenue, N.W.
Room 3622
Washington, D.C. 20230

Counsel for United States Department of Commerce in *Certain Softwood Lumber Products from Canada (Original AD Investigation)*, Secretariat File No. USA-CDA-2002-1904-02; *Certain Softwood Lumber Products from Canada (Original CVD Investigation)*, Secretariat File No. USA-CDA-2002-1904-03; *Certain Softwood Lumber Products from Canada (CVD 1st Administrative Review)*, Secretariat File No. USA-CDA-2005-1904-01; *Certain Softwood Lumber Products from Canada (Section 129 AD Determination)*, Secretariat File No. USA-CDA-2005-1904-04; *Certain Softwood Lumber Products from Canada (AD 2nd Administrative Review)*, Secretariat File No. USA-CDA-2006-1904-01; *Certain Softwood Lumber Products from Canada (CVD 2nd Administrative Review)*, Secretariat File No. USA-CDA-2006-1904-02; and *Certain Softwood Lumber Products from Canada (Final Scope Ruling Regarding Entries Made Under HTSUS 4409.10.05)*, Secretariat File No. USA-CDA-2006-1904-05

By: _____ **Dated:** _____, **2006**

Andrea J. Menaker
Chief, NAFTA Arbitration Division
Office of the Legal Adviser
U.S. Department of State
Washington, D.C.
Counsel for the United States with respect to the NAFTA Chapter 11 claim of *Tembec Inc., Tembec Investments Inc. and Tembec Industries Inc. v. United States of America* (collectively "Tembec"); and The *Consolidated Arbitration Pursuant to Article 1126 of the North American Free Trade Agreement (NAFTA) and the UNCITRAL Arbitration Rules between Canfor Corporation v. United States of America and Terminal Forest Products Ltd. v. United States of America*

By: _____ **Dated:** _____, **2006**
James M. Lyons
Office of the General Counsel
USITC
500 E Street S.W.
Washington, D.C. 20436

Counsel for United States International Trade Commission in *Certain Softwood Lumber Products from Canada (Section 129 Threat-of-Injury Determination)*, Secretariat File No. USA-CDA-2005-1904-03

By: _____ **Dated:** _____, **2006**
William Busis
Office of the United States Trade Representative
600 – 17th Street, N.W.
Washington, D.C. 20508

Counsel for the United States in *Certain Softwood Lumber Products from Canada*, Secretariat File No. ECC-2006-1904-01USA

By: _____ **Dated:** _____, **2006**
John R. Shane
Wiley, Rein & Fielding, LLP
1776 K Street, NW.
Washington, DC 20006-2304

Counsel for Western Forest Products Inc.

By: _____ **Dated:** _____, **2006**
James B. Altman
Miller & Chevalier Chartered
655 Fifteenth Street, NW.
Suite 900
Washington, DC 20005-5701

Counsel for Weyerhaeuser Company, Weyerhaeuser Company Limited, Weyerhaeuser Saskatchewan Limited

ANNEX 2B

United States - Preliminary Determinations with respect to Certain Softwood Lumber from Canada (DS236);

United States - Provisional Anti-Dumping Measure on Imports of Certain Softwood Lumber from Canada (DS247);

United States - Final Countervailing Duty Determination with respect to Certain Softwood Lumber from Canada (DS257);

United States - Final Dumping Determination on Softwood Lumber from Canada (DS264);

United States - Investigation of the International Trade Commission in Softwood Lumber from Canada (DS277); and

United States - Reviews Of Countervailing Duty on Softwood Lumber from Canada (DS311).

Notification of Mutually Agreed Solution

The Governments of the United States and Canada hereby notify the Dispute Settlement Body in accordance with Article 3.6 of the DSU that they have reached a mutually agreed solution to the matters raised by Canada in document WT/DS236/1 dated 27 August 2001, WT/DS247/1 dated 12 March 2002, WT/DS257/1 dated 13 May 2002, WT/DS264/1 dated 19 September 2002, WT/DS277/1 dated 7 January 2003, and WT/DS311/1 dated 19 April 2004. This solution has taken the form of a comprehensive agreement between the United States and Canada, resolving all disputes related to trade in softwood lumber between our two countries. A copy of the Softwood Lumber Agreement is attached.

This mutually agreed solution is without prejudice to the WTO rights and obligations of the United States and Canada except with respect to the disputes listed above.

We ask that you circulate this notification to the relevant Councils and Committees, as well as to the Dispute Settlement Body.

Peter F. Allgeier
Ambassador and Permanent Representative
of the United States to the World Trade
Organization

Don Stephenson
Ambassador and Permanent Representative
of Canada to the World Trade
Organization

ANNEX 2C

Assignment of Cash Deposits and Disbursement of Payments

1. To qualify as an Escrow Importer, an Importer of Record must:

   (a) provide USCBP Headquarters with an ACH Agreement, a bank routing number, and a bank account number for a designate of the Importer of Record;

   (b) conclude Irrevocable Powers of Attorney and an Escrow Agreement with its designate (both in a form satisfactory to the United States and Canada and its agent); and

   (c) conclude with Canada or its agent an Agreement of Purchase and Sale that includes Irrevocable Directions to Pay and other documentation (all of which shall be in a form satisfactory to the United States and Canada and its agent) that Canada or its agent requires to purchase its rights to the amounts of cash deposits and accrued interest for Covered Entries.

2. USCBP shall provide Canada with information and documentation demonstrating that USCBP has received the documentation described in sub-paragraph 1(a) for Importers of Record that collectively account for not less than 95% of the total amount of the cash deposits on Covered Entries and accrued interest as of the Effective Date.

3. Beginning on June 30, 2006, USCBP shall provide to Canada or its agent in 2-week intervals information and documentation for the purchases described in paragraph 6, including a list of the Importers of Record, and for each Importer of Record the amount of cash deposits and the amount of accrued interest for each Covered Entry in both aggregate and entry-by-entry formats. No later than 10 days after the Effective Date, USCBP shall provide Canada or its agent with a final and complete list of the amount of cash deposits and the amount of accrued interest for each Covered Entry for each Escrow Importer. Canada or its agent may provide each Importer of Record with the information and documentation that USCBP provides to Canada in respect of that Importer of Record.

4. By the Effective Date, the United States shall provide Canada or its agent with information identifying 3 separate accounts whose beneficiaries are respectively:

   (a) the members of the Coalition for Fair Lumber Imports;

   (b) a binational industry council described in Annex 13; and

   (c) meritorious initiatives in the United States identified by the United States in consultation with Canada as described in Article XIII(A).

5. Canada or its agent shall distribute $US 1 billion pursuant to the Irrevocable Directions to Pay to the accounts referred to in paragraph 4 in the following amounts: $US 500 million to the members of the Coalition for Fair Lumber Imports, $US 50 million to the binational industry council, and $US 450 million for the meritorious initiatives account.

6. The United States understands that Canada or its agent shall purchase from the Escrow Importers the rights to the amount of cash deposits stated in USCBP records and accrued interest for the Covered Entries. The purchase price[9] paid to an Escrow Importer shall not exceed the amount of cash deposits and accrued interest on its Covered Entries on the purchase date less the amounts directed to accounts specified in paragraph 4. Canada or its agent may make payments in installments in respect of these purchases. Each Escrow Importer in the Agreements of Purchase and Sale shall irrevocably direct Canada or its agent to pay a portion of each installment to the specified accounts in paragraph 4 in an amount that is proportionate to $US 1 billion divided by the total amount of cash deposits to be refunded to all Importers of Record and the interest accrued as of the Effective Date. Canada shall pay the difference between $US 1 billion and the aggregate amount directed by the Escrow Importers into these specified accounts. Canada shall seek to ensure that an amount equal to 90% of the amount of cash deposits and accrued interest is disbursed no later than 6 weeks after Canada or its agent receives the final list of the cash deposits and accrued interest referred to in paragraph 3, with the remaining 10% to be disbursed within 6 months of the Effective Date.

7. The Irrevocable Direction to Pay in the Agreement of Purchase and Sale shall not be subject to amendment without the written consent of the United States.

8. The United States shall liquidate Covered Entries starting with entries that are or will become more than 4 years old during the first 6 months of the liquidation process and followed by entries that will become more than 4 years old during any subsequent extension under 19 U.S.C. § 1504(b) and 19 C.F.R. § 159.12.

9. The United States shall not consider the payments to Escrow Importers under Article IV and this Annex to be a prohibited, actionable, or countervailable subsidy and shall neither consider such payments to be a basis for initiating a countervailing duty investigation nor investigate such payments in the course of any such investigation.

---

[9] Canada or its agent shall assume administrative costs associated with the purchase of the rights to the amount of cash deposits and accrued interest.

ANNEX 3

USDOC Liquidation Instructions to USCBP

RE: NOTICE OF REVOCATION OF THE ANTIDUMPING DUTY ORDER AND TERMINATION OF ANTIDUMPING DUTY REVIEWS RELATED TO CERTAIN SOFTWOOD LUMBER FROM CANADA FOR THE PERIOD 05/22/2002 THROUGH XX/XX/XXXX ([A-122-838])

1. THE DEPARTMENT OF COMMERCE HAS REVOKED THE ANTIDUMPING DUTY ORDER AND TERMINATED ALL REVIEWS ON CERTAIN SOFTWOOD LUMBER FROM CANADA PURSUANT TO THE SOFTWOOD LUMBER AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE UNITED STATES. THE EFFECTIVE DATE OF REVOCATION IS 05/22/2002.

2. THEREFORE, CBP IS DIRECTED TO CEASE COLLECTION OF CASH DEPOSITS AND TERMINATE IMMEDIATELY THE SUSPENSION OF LIQUIDATION FOR ALL SHIPMENTS OF CERTAIN SOFTWOOD LUMBER FROM CANADA ENTERED, OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION ON OR AFTER MAY 22, 2002. ALL UNLIQUIDATED ENTRIES OF THE SUBJECT MERCHANDISE THAT WERE ENTERED OR WITHDRAWN FROM WAREHOUSE FOR CONSUMPTION, ON OR AFTER MAY 22, 2002, THE LIQUIDATION OF WHICH IS SUSPENDED, SHOULD BE LIQUIDATED WITHOUT REGARD TO ANTIDUMPING DUTIES (I.E., RELEASE ALL BONDS AND REFUND ALL CASH DEPOSITS) AND ALL DEPOSITS SHALL BE REFUNDED WITH ACCRUED INTEREST TO THE IMPORTERS OF RECORD OR THEIR DESIGNATES.

3. THE ASSESSMENT OF ANTIDUMPING DUTIES BY CUSTOMS AND BORDER PROTECTION ON ENTRIES OF THIS MERCHANDISE IS SUBJECT TO THE PROVISIONS OF SECTION 778 OF THE TARIFF ACT OF 1930. SECTION 778 REQUIRES THAT CBP PAYS INTEREST ON OVERPAYMENTS, OR ASSESS INTEREST ON UNDERPAYMENTS OF THE REQUIRED AMOUNTS DEPOSITED AS ESTIMATED ANTIDUMPING DUTIES. INTEREST SHALL BE CALCULATED FROM THE DATE OF PAYMENT OF ESTIMATED ANTIDUMPING DUTIES THROUGH THE DATE OF LIQUIDATION. THE RATE AT WHICH SUCH INTEREST IS PAYABLE IS THE RATE IN EFFECT UNDER SECTION 6621 OF THE INTERNAL REVENUE CODE OF 1954 FOR SUCH PERIOD.

4. IF THERE ARE ANY QUESTIONS REGARDING THIS MATTER BY CBP OFFICERS, THE IMPORTING PUBLIC OR INTERESTED PARTIES, PLEASE CONTACT DAVINA HASHMI OR RON TRENTHAM AT OFFICE OF AD/CVD OPERATIONS, IMPORT ADMINISTRATION, INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, AT (202) 482-0984 OR (202) 482-3577 RESPECTIVELY (GENERATED BY O(Office Number):

Analyst's Initials (Example: O2:RL)).

5. THERE ARE NO RESTRICTIONS ON THE RELEASE OF THIS INFORMATION.

CATHY SAUCEDA

RE: NOTICE OF REVOCATION OF THE COUNTERVAILING DUTY ORDER AND TERMINATION OF COUNTERVAILING DUTY REVIEWS RELATED TO CERTAIN SOFTWOOD LUMBER FROM CANADA FOR THE PERIOD 05/22/2002 THROUGH XX/XX/XXXX ([C-122-839])

1. THE DEPARTMENT OF COMMERCE HAS REVOKED THE COUNTERVAILING DUTY ORDER AND TERMINATED ALL REVIEWS, ON CERTAIN SOFTWOOD LUMBER FROM CANADA PURSUANT TO THE SOFTWOOD LUMBER AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE UNITED STATES. THE EFFECTIVE DATE OF REVOCATION IS 05/22/2002.

2. THEREFORE, CBP IS DIRECTED TO CEASE COLLECTION OF CASH DEPOSITS AND TERMINATE IMMEDIATELY THE SUSPENSION OF LIQUIDATION FOR ALL SHIPMENTS OF CERTAIN SOFTWOOD LUMBER FROM CANADA ENTERED, OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION ON OR AFTER MAY 22, 2002. ALL UNLIQUIDATED ENTRIES OF THE SUBJECT MERCHANDISE THAT WERE ENTERED OR WITHDRAWN FROM WAREHOUSE FOR CONSUMPTION, ON OR AFTER MAY 22, 2002, THE LIQUIDATION OF WHICH IS SUSPENDED, SHOULD BE LIQUIDATED WITHOUT REGARD TO COUNTERVAILING DUTIES (I.E., RELEASE ALL BONDS AND REFUND ALL CASH DEPOSITS) AND ALL DEPOSITS SHALL BE REFUNDED WITH ACCRUED INTEREST TO THE IMPORTERS OF RECORD OR THEIR DESIGNATES.

3. THE ASSESSMENT OF COUNTERVAILING DUTIES BY CUSTOMS AND BORDER PROTECTION ON ENTRIES OF THIS MERCHANDISE IS SUBJECT TO THE PROVISIONS OF SECTION 778 OF THE TARIFF ACT OF 1930. SECTION 778 REQUIRES THAT CBP PAYS INTEREST ON OVERPAYMENTS, OR ASSESS INTEREST ON UNDERPAYMENTS OF THE REQUIRED AMOUNTS DEPOSITED AS ESTIMATED COUNTERVAILING DUTIES. INTEREST SHALL BE CALCULATED FROM THE DATE OF PAYMENT OF ESTIMATED COUNTERVAILING DUTIES THROUGH THE DATE OF LIQUIDATION. THE RATE AT WHICH SUCH INTEREST IS PAYABLE IS THE RATE IN EFFECT UNDER SECTION 6621 OF THE INTERNAL REVENUE CODE OF 1954 FOR SUCH PERIOD.

4. IF THERE ARE ANY QUESTIONS REGARDING THIS MATTER BY CBP OFFICERS, THE IMPORTING PUBLIC OR INTERESTED PARTIES, PLEASE CONTACT DAVINA HASHMI OR RON TRENTHAM AT OFFICE OF AD/CVD OPERATIONS, IMPORT ADMINISTRATION, INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, AT (202) 482-0984 OR (202) 482-3577 RESPECTIVELY (GENERATED BY O(Office Number):

Analyst's Initials (Example: O2:RL)).

5. THERE ARE NO RESTRICTIONS ON THE RELEASE OF THIS INFORMATION.

CATHY SAUCEDA

ANNEX 5A

Template for "No Injury" Letters from U.S. Domestic Interested Parties

Dear USTR Schwab and Secretary Gutierrez:

Company A commends the spirit of cooperation in which the United States and Canada negotiated the Softwood Lumber Agreement Between the Government of Canada and the Government of the United States of America (the SLA 2006). Company A makes the following representations and commitments to the U.S. Government:

1. Company A is a U.S. producer of softwood lumber. The softwood lumber production of Company A in 2005 was [ ], which represents [ ] percent of total U.S. softwood lumber production in 2005.

[2. [Name/Title] of Company A serves on the executive committee of the Coalition for Fair Lumber Imports.]

3. Company A represents that the SLA 2006 removes any alleged material injury or threat of material injury, within the meaning of 19 U.S.C. § 1677(7), to the U.S. softwood lumber industry from imports of Softwood Lumber Products from Canada. This representation is made taking into account all relevant facts, including possible changes in market conditions, and the consequences that the representations will have for the term of the SLA 2006, including the intentions of the U.S. Department of Commerce (Commerce), described in paragraph [4]. The representation is also made with an understanding of the possible effects of the provisions of the SLA 2006 while it remains in force, given the various market conditions that may prevail in both countries during that time.

4. If a petition is filed with respect to imports of Softwood Lumber Products from Canada under Title VII of the *Tariff Act of 1930*, as amended, while the SLA 2006 is in force, Company A recognizes and accepts that, in determining whether the allegation of material injury or threat thereof meets the requirements of 19 U.S.C. § 1671a or § 1673a, as the case may be, Commerce has agreed to rely on the representation in paragraph [3] made by Company A and other domestic interested parties as conclusive evidence of an insufficient allegation of material injury or threat thereof and will dismiss the petition.

5. Company A agrees that it will not file a petition, and will oppose initiation of any investigation, pursuant to Title VII of the *Tariff Act of 1930*, as amended, or §§ 301-305 of the *Trade Act of 1974*, as amended, with respect to imports of Softwood Lumber Products from Canada.

6. Company A agrees that it will not, in a petition filed under §§ 201-204 of the *Trade Act of 1974*, as amended, allege that the growth rate of imports of Softwood Lumber Products from Canada contributes importantly to the serious injury or threat of serious injury to the U.S. lumber industry.

7. Company A agrees that it will ensure that the commitments in this letter are undertaken by and remain binding on any entities that are successors in title of Company A.

8. The representations and commitments contained in this letter shall have no force or effect after the SLA 2006 is terminated or expires, or if an arbitral tribunal finds that Canada has breached an obligation under the SLA 2006, and neither Party promptly takes action that addresses the breach.

Draft Union Letter

Dear USTR Schwab and Secretary Gutierrez:

The [Union] commends the spirit of cooperation in which the United States and Canada negotiated the Softwood Lumber Agreement Between the Government of Canada and the Government of the United States of America (the SLA 2006).

1. The [Union] endorses the representations made by U.S. producers of softwood lumber and the trade associations in letters to you that the SLA 2006 removes any alleged material injury or threat of material injury to the U.S. softwood lumber industry from imports of Softwood Lumber Products from Canada.

2. The [Union] also makes the following commitments. The [Union] will not file a trade case, and will oppose the initiation of any investigation, pursuant to U.S. trade laws, with respect to imports of Softwood Lumber Products from Canada. These commitments apply to petitions and investigations under Title VII of the *Tariff Act of 1930*, as amended, §§ 301-305 of the *Trade Act of 1974*, as amended, and §§ 201-204 of the *Trade Act of 1974*, as amended.

3. The [Union] agrees that it will ensure that the commitments in this letter are undertaken by and remain binding on any entities that are successors in interest to the [Union] with respect to its representation of workers in the U.S. softwood lumber industry.

4. The endorsements and commitments in this letter will have no force and effect after the SLA 2006 is terminated or expires, or if an arbitral tribunal finds that Canada has breached an obligation under the SLA 2006, and neither Party promptly takes action that addresses the breach.

Draft Association Letter

Dear USTR Schwab and Secretary Gutierrez:

The [Association] commends the spirit of cooperation in which the United States and Canada negotiated the Softwood Lumber Agreement Between the Government of Canada and the Government of the United States of America (the SLA 2006).

1. The [Association] is a trade association and a majority of our members are U.S. producers of softwood lumber. The softwood lumber production of the members of [Association] in 2005 was [ ], which represented []% of total U.S. softwood lumber production in 2005.

2. The [Association] represents that the SLA 2006 removes any alleged material injury or threat of material injury to the U.S. softwood lumber industry from imports of Softwood Lumber Products from Canada. This representation is made taking into account all relevant facts, including possible changes in market conditions, and the consequences that the representations will have for the term of the SLA 2006, including the intentions of the U.S. Department of Commerce (Commerce), described in paragraph 3. The representation is also made with an understanding of the possible effects of the provisions of the SLA 2006 while it remains in force, given the various market conditions that may prevail in both countries during that time.

3. If a petition is filed with respect to imports of Softwood Lumber Products from Canada under Title VII of the *Tariff Act of 1930*, as amended, while the SLA 2006 is in force, the [Association] recognizes and accepts that, in determining whether the allegation of material injury or threat thereof meets the requirements of 19 U.S.C. § 1671a or § 1673a, as the case may be, Commerce has agreed to rely on the representation in paragraph 2 made by the [Association] and other domestic interested parties as conclusive evidence of an insufficient allegation of material injury or threat thereof and will dismiss the petition.

4. The [Association] agrees that it will not file a petition, and will oppose initiation of any investigation, pursuant to Title VII of the *Tariff Act of 1930*, as amended, or §§ 301-305 of the *Trade Act of 1974*, as amended, with respect to imports of Softwood Lumber Products from Canada.

5. The [Association] agrees that it will not, in a petition filed under §§ 201-204 of the *Trade Act of 1974*, as amended, allege that the growth rate of imports of Softwood Lumber Products from Canada contributes importantly to the serious injury or threat of serious injury to the U.S. lumber industry.

6. The representations and commitments in this letter have been approved by the [Association board of directors. . .], and the members of the [Association] will be so notified.

7. The [Association] agrees that it will ensure that the commitments in this letter are undertaken by and remain binding on any successor including where: (a) the Association undergoes a name change; or (b) the Association is absorbed by another association. The Association also agrees that it will not participate, cooperate, or assist in the formation of a new association that takes a position contrary to the commitments given by the Association in this letter.

8. The representations and commitments contained in this letter will have no force or effect after the SLA 2006 is terminated or expires, or if an arbitral tribunal finds that Canada has breached an obligation under the SLA 2006, and neither Party promptly takes action that addresses the breach.

ANNEX 5B

Finding of the U.S. Department of Commerce

Re: The Softwood Lumber Agreement Between the Government of the United States of America and the Government of Canada (SLA 2006) – Representations on Injury by the U.S. Industry

Dear

The SLA 2006 is intended to ensure that there is no material injury or threat thereof to an industry in the United States from imports of Softwood Lumber Products from Canada, and to avoid litigation under Title VII of the *Tariff Act of 1930*, as amended (the Act), on this issue.

In the SLA 2006, the United States is agreeing that it will not self-initiate an investigation under Title VII with respect to Softwood Lumber Products from Canada and that, if a petition for such an investigation is filed, the U.S. Department of Commerce (Commerce) will dismiss the petition.

When a petition is filed under Title VII, Commerce is required to examine, on the basis of sources readily available to it, the accuracy and adequacy of the evidence provided in the petition and to determine whether the petition alleges the elements necessary for the imposition of a duty and that the evidence in the petition is sufficient to justify initiation of an investigation. 19 U.S.C. §§ 1671a and 1673a and Statement of Administration Action at 861. Commerce is also required to determine if the petition has been filed by or on behalf of the industry (i.e., whether producers or workers supporting the petition account for (1) at least 25% of total production of the domestic like product and (2) more than 50% of such production by that portion of the industry expressing support for or opposition to the petition). *Id.*

Domestic interested parties within the meaning of 19 U.S.C. §§ 1671a (c) (4) (D) and 1673a (c) (4) (D), accounting for greater than 60% of the total U.S. production of softwood lumber in 2005, and one or more domestic interested parties that are unions, have represented to Commerce that, while the SLA 2006 is in force, it removes any alleged injury. Specifically, domestic interested parties have made the following representations:

- The SLA 2006 removes any alleged material injury or threat of material injury, within the meaning of 19 U.S.C. § 1677(7), to the U.S. softwood lumber industry from imports of Softwood Lumber Products from Canada.

- This representation concerning injury is made taking into account all relevant facts, including an understanding of the possible effects of the SLA 2006 over its duration given the various market conditions that may prevail in both countries during that time, and the consequences that the representations will have throughout its duration.

- The representations and commitments contained in this letter shall have no force or effect after the SLA 2006 is terminated, or if an arbitral tribunal finds that Canada has breached an obligation under the SLA 2006, and neither Party promptly takes action that addresses the breach.

These industry representations have been made by individual producers, by trade associations on behalf of their members, a majority of whom are U.S. producers of softwood lumber, and by one or more unions. The trade associations were established between 1908 and 1964. Consequently, they are a repository of substantial expertise concerning the U.S. softwood lumber industry and its markets. The representations by the trade associations have been approved by resolution or vote as required by their by-laws.

The producers and associations also represent the vast majority of the active members of the Coalition for Fair Lumber Imports (Coalition). Since its establishment in 1985, the Coalition is the association through which U.S. producers have assessed the economic condition of the U.S. industry and have taken trade action when the industry has deemed it necessary. The Coalition is a repository of substantial expertise concerning the North American softwood lumber market. The Coalition was the petitioner in both the 1985-86 action and the 2001-2002 action regarding softwood lumber under Title VII, and represented the U.S. industry in the 1991-92 action that was self-initiated by Commerce. Officials of some of the individual companies that have made these representations also serve as officers in the Coalition.

The confidence of the companies, the associations, and one or more unions in their representations is evidenced by their commitment that, absent termination or expiration of the SLA 2006 or if an arbitral tribunal finds that Canada has breached an obligation under the SLA 2006, and neither Canada nor the United States promptly takes action that addresses the breach, they and any successor entities will not file a petition and will oppose the initiation of any investigation pursuant to Title VII of the Act with respect to imports of Softwood Lumber Products from Canada.

Commerce has reviewed these representations and finds that, if a petition is filed with respect to imports of Softwood Lumber Products from Canada under Title VII of the Act while these representations are in effect, in determining whether the petition meets the requirements of 19 U.S.C. § 1671a or § 1673a, these representations will constitute conclusive evidence of an insufficient allegation of material injury or threat of material injury and Commerce will dismiss the petition.

This finding does not limit Commerce's authority to dismiss the petition on other grounds pursuant to 19 U.S.C. § 1671(a) or § 1673a (c).

ANNEX 7A

Prevailing Monthly Price

1. As used in the SLA 2006, the Prevailing Monthly Price means the most recent four-week average of the weekly framing lumber composite ("FLC") prices available 21 days before the beginning of the month to which the Prevailing Monthly Price shall be applied. The Prevailing Monthly Price shall be rounded to the nearest whole dollar.

2. Subject to paragraph 4, the weekly FLC price shall be the weekly Framing Lumber Composite Price produced by Random Lengths Publications Incorporated of Eugene, Oregon ("*Random Lengths*").

3. The *Random Lengths* FLC price is a weighted average of the following fifteen structural lumber prices:

(a) Green Douglas Fir (Portland rate) #2&Btr 2x10 random;

(b) Green Douglas Fir (Portland rate) Std&Btr 2x4 8-ft PET;

(c) Green Douglas Fir (Portland rate) Std&Btr 2x4 random;

(d) KD Coast Hem-Fir Stud 2x4 8-foot PET;

(e) KD Eastern Spruce-Pine-Fir (del. Boston) #1&2 2x4 random;

(f) KD Eastern Spruce-Pine-Fir (del. Boston) Stud 2x4 8-foot PET;

(g) KD Fir & Larch Stud 2x4 8-foot PET;

(h) KD Inland Hem-Fir (Redding rate) #2&Btr 2x10 random;

(i) KD Inland Hem-Fir (Spokane rate) Std&Btr 2x4 random;

(j) KD Southern Pine (Westside) #2 2x4 random;

(k) KD Southern Pine (Westside) #2 2x10 random;

(l) KD Southern Pine (Westside) Stud 2x4 8-foot PET;

(m) KD Western Spruce-Pine-Fir #2&Btr 2x4 random;

(n) KD Western Spruce-Pine-Fir #2&Btr 2x10 random; and

(o) KD Western Spruce-Pine-Fir Stud 2x4 8-foot PET.

4. If *Random Lengths* changes the weights it uses in calculating the FLC price at any time after April 27, 2006, Canada shall calculate the FLC price based on the weights *Random Lengths* used as of April 27, 2006. If *Random Lengths* stops producing an FLC price or any of the price series listed in paragraph 3, the Parties shall promptly select a mutually agreeable replacement series or data source.

ANNEX 7B

Calculation of Quota Volumes for Option B

1. This Annex specifies the method to be used in determining the quota volumes for Regions electing Option B. Quota volume shall be established on a monthly basis, and a Region may carry forward or carry back monthly quota amounts as described in paragraphs 2 through 7.

2. The formula for calculating a Region's monthly quota volume shall be,

$$RQV = EUSC \times RS \times PAF$$

where RQV = the Region's monthly quota volume;

EUSC = monthly Expected U.S. Consumption (as calculated in Annex 7D);

RS = the Region's share of U.S. Consumption from Table 1 of this Annex; and,

PAF = the price adjustment factor from Table 2 of this Annex.

3. The monthly quota volume for the B.C. Coast shall be multiplied by an additional factor equal to the Region-specific seasonal adjustment factor for that month (Table 3) divided by the corresponding seasonal adjustment factor used for calculating Expected U.S. Consumption (Table 1 of Annex 7D).

4. A Region may carry back (or borrow) from the next month a volume equal to 12% of its monthly quota volume. For example, if a Region's calculated quota volume for June is 500 MMBF, the Region may carry back (or borrow) 60 MMBF of the Region's July quota volume, thereby increasing the Region's June quota volume by 60 MMBF and decreasing the Region's July quota volume by 60 MMBF.

5. A Region may carry forward to the next month unused volume equal to 12% of its monthly quota volume. For example, if a Region's calculated quota volume for June is 500 MMBF and the Region ships only 440 MMBF in that month, the Region may carry forward to July the 60 MMBF of unused quota volume, thereby increasing the Region's July quota volume by 60 MMBF.

6. A Region may increase its calculated monthly quota volume by a maximum of 12% through carry-forward or carry-back, or both.

7. No quota volume may be carried back or carried forward between any two months unless the Region's exports are subject to a volume restraint in both months. If a Region carries back (borrows) from the following month and its exports in that month are not made subject to a volume restraint, the carry-back volume shall be subtracted from the monthly quota volume calculated for the next month in which the Region's exports are subject to a volume restraint. If a Region seeks to carry forward unused quota volume from a month and the Region's exports in the following month are not subject to a volume restraint, the carry-forward volume shall be added to the monthly quota volume calculated for the next month in which the Region's exports are subject to a volume restraint.

8. The share of U.S. Consumption for each Region shown in Table 1 of this Annex is calculated as the product of 34% and that Region's share of the volume of Canadian exports of Softwood Lumber Products to the United States from April 1, 2001 to December 31, 2005 as reported under Canada's Softwood Lumber National Export Monitoring System.

9. A Region's share of U.S. Consumption set out in Table 1 reflects a deduction for exports attributable to any companies listed in Annex 10 that are located in the Region. If the list of excluded companies in Annex 10 is modified pursuant to Article X(2), the Regional shares in Table 1 shall be recalculated to reflect that change.

TABLE 1

Region	**Percentage Share of U.S. Consumption**
B.C. Coast	1.79%
B.C. Interior	16.59%
Alberta	2.63%
Saskatchewan	0.46%
Manitoba	0.31%
Ontario	3.34%
Quebec	4.86%

TABLE 2

FLC Price	**Price Adjustment Factor**
$US 336 or over	1
$US 316-335	(32/34)
$US 315 or under	(30/34)

TABLE 3

Month	**B.C. Coast Seasonal Adjustment Factor**
January	0.7212
February	0.9767
March	0.9025
April	1.3557
May	1.1461
June	1.1771
July	0.9213
August	1.0719
September	1.0584
October	0.9477
November	0.8466
December	0.8746

ANNEX 7C

Procedure for Certifying Independent Remanufacturers

1. The CRA shall administer, control, and verify the requirements associated with certifying a Person as an Independent Manufacturer of Remanufactured Softwood Lumber Products ("Independent Remanufacturer") for purposes of the SLA 2006.

2. In order to be certified as an Independent Remanufacturer, a company must provide an application to the CRA that includes:

(a) provincial certification that it does not hold Crown tenure rights and, after the Effective Date, has not acquired standing timber directly from the Crown in any province other than a Maritime province or other excluded province;

(b) certification that it is not an Associated Person in respect of a company that holds provincial Crown tenure rights or that has acquired standing timber directly from the Crown; and

(c) a list of Remanufactured Softwood Lumber Products that it expects to produce in the next Year.

3. A certification shall be valid only for such time as the company satisfies the conditions for certification specified in paragraphs 2(a) and (b). A company's exports shall only qualify for the treatment referred to in Article VII(7) as of the date that Canada provides notice to the United States that it has certified the company pursuant to paragraph 2. The exports of a certified Independent Remanufacturer may be disqualified from receiving such treatment if Canada decertifies the company or if an arbitration tribunal pursuant to Article XIV finds that: (a) a company is not an Independent Remanufacturer or (b) the product that the company is exporting is not a Remanufactured Softwood Lumber Product.

4. At the request of either Party, the Parties shall consult on whether to amend the SLA 2006 for purposes of further addressing Remanufactured Softwood Lumber Products based on an assessment of the overall effect of the SLA 2006.

5. No later than 60 days after the end of each Quarter, for each Region that exported Remanufactured Softwood Lumber Products to the United States during the Quarter, Canada shall provide to the United States the weighted-average yield loss percentage used to determine the Export Price for the Softwood Lumber Products incorporated into Remanufactured Softwood Lumber Products exported to the United States from the Region.

ANNEX 7D

Calculation of U.S. Consumption and Market Shares

1. For purposes of this Annex:

   (a) "Canadian softwood lumber exports" refers to products within the following Statistics Canada Standard Classification of Goods (SCG) codes: 4407.10.00, 4409.10.11, 4409.10.19, 4409.10.91 and 4409.10.99; and

   (b) "U.S. softwood lumber exports" and "U.S. softwood lumber imports from countries other than Canada" refer to products within the following HTSUS codes: 4407.10.00, 4409.10.10, 4409.10.20, and 4409.10.90.

2. If the Parties amend the scope of Softwood Lumber Products or the scope is clarified as the result of an arbitral award pursuant to Article XIV, Canada shall provide the United States with any information required to modify the SCG code data to reflect the change or clarification and the United States shall provide Canada with any information required to modify the HTSUS code data to reflect the change or clarification.

3. U.S. Consumption shall be calculated[10] as the sum of:

   (a) Canadian softwood lumber exports to the United States; plus

   (b) U.S. softwood lumber imports from countries other than Canada; plus

   (c) U.S. shipments of softwood lumber; minus

   (d) U.S. exports of softwood lumber.

4. Canadian market share shall be calculated as Canadian softwood lumber exports to the United States divided by U.S. Consumption.

5. Third country market share shall be calculated as U.S. softwood lumber imports from countries other than Canada divided by U.S. Consumption.

6. U.S. net shipments of softwood lumber shall be calculated as U.S. shipments of softwood lumber less U.S. exports of softwood lumber.

7. U.S. producers' market share shall be calculated as U.S. net shipments of softwood lumber divided by U.S. Consumption.

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[10] These calculations shall be based on actual data.

8. Data sources for these calculations shall be:

(a) Statistics Canada (Canadian softwood lumber exports to the U.S.);

(b) U.S. Census Bureau (U.S. softwood lumber imports from countries other than Canada and U.S. softwood lumber exports); and

(c) Western Wood Products Association's monthly publication "Lumber Track" (U.S. softwood lumber shipments).

9. U.S. shipments of softwood lumber shall be calculated as the sum of the softwood lumber shipments from the Western (Coast, Inland and California Redwood) region, the Southern region and the Northern region. Northern region shipments shall be calculated by taking the sum of Western and Southern region shipments and multiplying by 6.25%.

10. Conversion factors used to translate metric units to board foot measure shall be:

- m^3: 1 MBF = 0.423776 m^3
- m^2: 1 MBF = 0.010764 m^2

11. Monthly Expected U.S. Consumption means the volume of softwood lumber expected to be consumed in the United States in a particular month.

12. Monthly Expected U.S. Consumption shall be calculated as follows:

(a) first, U.S. Consumption shall be determined for the 12-month period ending 3 months immediately before the month for which monthly Expected U.S. Consumption is being calculated;

(b) second, U.S. Consumption during that 12-month period shall be divided by 12 to produce a monthly average; and

(c) third, the monthly average U.S. Consumption volume shall be multiplied by the seasonal adjustment factor for the relevant month as specified in Table 1 of this Annex.

13. The formula for calculating the monthly Expected U.S. Consumption is:

$$EUSC = [USCR \div 12] \times SAF$$

where EUSC = monthly Expected U.S. Consumption

USCR = U.S. Consumption for the latest 12-month period

SAF = the seasonal adjustment factor for the pertinent month based on Table 1 of this Annex.

TABLE 1

Month	Seasonal Adjustment Factor
January	0.9288
February	0.8944
March	1.0014
April	1.0707
May	1.0679
June	1.0405
July	1.0508
August	1.0501
September	0.9953
October	1.0636
November	0.9435
December	0.8930

14. If U.S. Consumption during a Quarter differs by more than 5% from Expected U.S. Consumption during that Quarter, as calculated under paragraph 12, the calculation of Expected U.S. Consumption for the following Quarter for which quotas are being determined shall be adjusted as follows. Specifically, the difference (in MBF) between U.S. Consumption and Expected U.S. Consumption for the Quarter shall be divided by 3 and the amount derived shall be added to (if U.S. Consumption was more than expected) or subtracted from (if U.S. Consumption was less than expected) the monthly Expected U.S. Consumption calculated under paragraph 12 for each month in the next Quarter for which quotas are determined.

ANNEX 8

Calculation of Regional Trigger Volumes

1. This Annex specifies the procedures to be used to determine Regional Trigger Volumes for Regions that have elected Option A.

2. A Region's Trigger Volume for a particular month shall be determined by multiplying the total monthly Expected U.S. Consumption by the Region's U.S. market share, and then multiplying that product by 1.1. Each Region's U.S. market share is set out in Table 1 of this Annex.

3. Specifically, a Region's Trigger Volume for a particular month shall be calculated as follows:

$$RTV = EUSC \times RS \times 1.1$$

where RTV = the Region's Trigger Volume

EUSC = monthly Expected U.S. Consumption, as calculated in accordance with Annex 7D

RS = the Region's U.S. market share from Table 1 of this Annex.

4. The Trigger Volume for the B.C. Coast for a particular month shall be multiplied by an additional factor equal to the Region-specific seasonal adjustment factor for that month (Table 2) divided by the corresponding seasonal adjustment factor used for calculating monthly Expected U.S. Consumption (Table 1 of Annex 7D).

5. Each Region's U.S. market share shown in Table 1 below was derived by multiplying 34% by the Region's share of total Canadian exports of Softwood Lumber Products to the United States during the period January 1, 2004 to December 31, 2005, as reported under Canada's Softwood Lumber National Export Monitoring System.

6. Exports from companies listed in Annex 10 were not included in determining a Region's exports to the United States for purposes of calculating the Region's U.S. market share reflected in Table 1. If the list of companies subject to exclusion under Article X should change, the Regional shares in Table 1 shall be recalculated to reflect the change.

TABLE 1

Region	**Percentage Share of U.S. Consumption**
B.C. Coast	1.86
B.C. Interior	17.43
Alberta	2.49
Saskatchewan	0.42
Manitoba	0.29
Ontario	3.15
Quebec	4.39

TABLE 2

Month	B.C. Coast Seasonal Adjustment Factor
January	0.7212
February	0.9767
March	0.9025
April	1.3557
May	1.1461
June	1.1771
July	0.9213
August	1.0719
September	1.0584
October	0.9477
November	0.8466
December	0.8746

ANNEX 10

Excluded Companies

	Companies	Location	Address
1	Armand Duhamel & Fils inc.	QC Saint-Ignace-de-Stanbridge	778, rang de l'Église Nord, Saint-Ignace-de-Stanbridge, Québec, Canada, J0J 1Y0
2	Bardeaux & Cèdres St-Honoré inc.	QC Saint-Honoré-de-Shenley	935, route 269, Saint-Honoré-de-Schenley, Québec, Canada, G0M 1V0
3	Scierie Coaticook inc.	QC Coaticook	1129, chemin Ladd's Mills, CP 130, Coaticook, Québec, Canada, J1A 2S9
4	Busque & Laflamme inc.	QC Saint Benoit-Labre	51, route du Lac Poulin, CP 1009, Saint-Benoît-Labre, Québec, Canada, G0M 1P0
5	Carrier & Bégin inc.	QC Saint-Honoré-de-Shenley	484, route Grand Shenley, Saint-Honoré-de-Schenley, Québec, Canada, G0M 1V0
6	Clermond Hamel ltée	QC St.-Éphrem-de-Beauce	25, rang 7 Sud, Saint-Éphrem-de-Beauce, Québec, Canada, G0M 1R0
7	J.D. Irving ltée.	QC Pohénégamook	300, rue Union, Saint-John, P.O. Box 5777,New Brunswick, Canada, E2L 4M3
8	Les Produits Forestiers D.G., ltée.	QC Québec	2600, boulevard Laurier, Tour de la Cité, bureau 960, Québec, Québec, Canada, G1V 4W2
9	Marcel Lauzon inc.	QC East Hereford	129, route 253 Sud, East Hereford, Québec, Canada, J0B 1S0
10	Mobilier Rustique (Beauce) inc.	QC Saint-Martin	50, 1re Rue, CP 220, Saint-Martin, Québec, Canada, G0M 1B0
11	Paul Vallée inc.	QC St-Isidore-de-Clifton	5, chemin du moulin de Clifton, Saint-Isidore-de-Clifton, Québec, Canada, J0B 2X0
12	René Bernard inc.	QC Beauceville	88, avenue Lambert, Beauceville, Québec, Canada, G5X 3N4

13	Roland Boulanger & Cie ltée.	QC Warwick	235, rue St-Louis, Warwick, Québec, Canada, J0A 1M0
14	Scierie Alexandre Lemay & Fils Inc.	QC Saint-Bernard	1010, rue Saint-Georges, CP 189, Saint-Bernard, Québec, Canada, G0S 2G0
15	Scierie La Patrie inc.	QC La Patrie	70, rue Principale, CP 150, La Patrie, Québec, Canada, J0B 1Y0
16	Scierie Tech inc.	QC Lac Drolet	126, rue du Moulin, CP 99, Lac-Drolet, Québec, Canada, G0Y 1C0
17	Wilfrid Paquet & Fils ltée.	QC Saint-Théophile	403, route 173, Saint-Théophile, Québec, Canada, G0M 2A0
18	Sault Forest Products Ltd.	ON Sault Ste. Marie	484 Gran Avenue, Sault Ste. Marie, Ontario, Canada, P6A 4X8
19	Boccam inc.	QC Saint-Georges de Beauce	9200, 25e Avenue, Saint-Georges de Beauce, Québec, Canada, G6A 1L6
20	Indian River Lumber	ON Scarborough	248 Sylvan Avenue, Scarborough, Ontario, Canada, M1E 1A6
21	Interbois inc.	QC Saint-Odilon	305, du Parc CP 9, Saint-Odilon, Québec, Canada, G0S 3A0
22	Jacomeau inc.	QC Saint Jean-de-la-Lande	245, rue Cloutier, Saint-Jean-de-la-Lande, Québec, Canada, G0M 1E0
23	Richard Lutes Cedar inc.	ON Norwood	29 Queen Street, P.O. Box 275, Norwood, Ontario, Canada, K0L 2V0
24	Séchoirs de Beauce inc.	QC Beauceville	201, 134E Rue, Beauceville, Québec, Canada, G5X 3H9
25	Scierie West Brome inc.	QC Lac-Brome	15, chemin West Brome, Lac-Brome, Québec, Canada, J0E 2P0
26	Matériaux Blanchet inc.'s Saint-Pamphile mill	QC Saint-Pamphile	1030, rue Elgin Sud, CP 430, Saint-Pamphile, Québec, Canada, G0R 3X0

27	Daaquam Lumber Inc.	QC Québec	2600, boul. Laurier, Bureau 2640, Québec, Québec, Canada, G1V 4M6
28	Bois Omega ltée	QC Lac Supérieur	226, Chemin David, Lac Supérieur, Québec, Canada, J0T 1P0
29	Fontaine inc. (J.A. Fontaine & Fils inc.)	QC Saint-Augustin-de-Woburn	850, rue Fontaine, Saint-Augustin-de-Woburn, Québec, Canada, G0Y 1R0
30	Industries Maibec inc.	QC Québec	660, rue Lenoir, Québec, Québec, Canada, G1X 3W3
31	Les Produits Forestiers Dubé inc.	QC L'Isle-Verte	89, rue Villeray, L'Isle-Verte, Québec, Canada, G0L 1L0
32	9157-9516 Québec inc. (Scierie Nord-Sud inc.)	QC Saint-Prosper	764, 8e Rue, Saint-Prosper, Québec, Canada, G0M 1Y0

ANNEX 12

Working Group on Regional Exemptions

1. The Parties shall establish a Working Group on Regional Exemptions (the "Working Group") to develop substantive criteria and procedures for establishing if and when a Region utilizes market-determined timber pricing and forest management systems and therefore that Softwood Lumber Products manufactured in the Region qualify for an exemption from the Export Measures. The Working Group shall serve as a forum for resolving differences between the Parties concerning timber pricing and forest management systems.

2. The Parties shall seek to establish the Working Group within 3 months after the Effective Date. The Working Group shall comprise representatives of each Party. Canada may include representatives of interested provinces in its delegation. The Parties may also decide to appoint to the Working Group non-governmental representatives from Canada and the United States with an interest in the operation of the SLA 2006. The Working Group may engage recognized experts in fields related to the operation of the SLA 2006 to prepare factual or analytic reports, and may establish such technical sub-groups as it deems necessary for the timely completion of its work.

3. The Working Group shall seek to provide recommendations to the Parties within 18 months after the Effective Date concerning the development of an addendum to the SLA 2006, including:

(a) substantive criteria for determining if and when a Region qualifies for exemption from the Export Measures in Articles VII through IX and Article X(2); and

(b) procedures, which may be included in the addendum if the Parties so agree, governing the form and content of applications that Regions may submit to the Parties for purposes of seeking an exemption from the Export Measures referenced in subparagraph (a).

4. Any dispute between the Parties regarding whether a Region has implemented or complied with the substantive criteria and procedures described in subparagraphs 3(a) and (b) may be submitted to arbitration under Article XIV.

ANNEX 13

The North American Initiative on Lumber

1. The Parties seek through the SLA 2006 to promote increased cooperation between the U.S. and Canadian softwood lumber industries and to strengthen and expand the market for Softwood Lumber Products in both countries.

2. To this end, the Parties shall encourage interested Persons in Canada and the United States to establish before the Effective Date a binational industry council, which shall receive $US 50 million pursuant to Annex 2C.

3. The objectives of the council shall include:

(a) strengthening the North American lumber industry by increasing the market for its products; and

(b) building stronger cross-border partnerships and trust at all levels of the industry.

4. The council shall consider initiatives to benefit the North American softwood lumber market, including:

(a) expanding the market for wood products in the non-residential construction market;

(b) developing new methods and markets for using wood in raised wood-floor systems;

(c) promoting the use of wood in existing residential markets;

(d) educating consumers on the sustainability of wood products to demonstrate their desirability as an environmentally preferable building and finishing material; and

(e) promoting the use of wood in Green Building Standards.

ANNEX 18

Template for Supplemental Letters from the Members of the U.S. Industry Which Have Filed Letters as Described in Annex 5A

Re: Termination of the Softwood Lumber Agreement Between the Government of Canada and the Government of the United States of America (SLA 2006) Pursuant to Article XVIII or Article XX(1)

Dear USTR Schwab and Secretary Gutierrez:

Entity A agrees that, if the United States exercises its right to terminate the SLA 2006 pursuant to Article XX(1), or if the SLA 2006 terminates by operation of Article XVIII, for a period of 12 months after such termination, it will not file a petition, and will oppose initiation of an investigation, pursuant to Title VII of the *Tariff Act of 1930*, as amended, or §§ 301-305 of the *Trade Act of 1974*, as amended, with respect to imports of Softwood Lumber Products from Canada.

Entity A agrees that it will ensure that the commitments in this letter are undertaken by, and remain binding on, any entities that are successors in title of Entity A.