

Notice from Department of Foreign Affairs

From June 12, 2007

This Notice is to provide information to active or potential exporters of Softwood Lumber Products to the United States. On October 12, 2006, the Canada-United States Softwood Lumber Agreement (SLA) entered into force. Date reconciliation between Canada and the United States, as called for in the SLA, has begun. In the course of the reconciliation, Canada and the U.S. have noticed discrepancies on an aggregate regional basis between information reported on Canadian permits and U.S. entry documentation. Canada also noticed discrepancies in export price reported on permits in comparison to export price that the export charge reported to Revenue Canada is based on. In an effort to reduce discrepancies, the Department wishes to draw your attention to certain requirements in terms of permits and U.S. Customs procedures. Careful compliance with these requirements is in the interest of each company as failing to do so may expose the company to administrative penalties.

Of Particular importance are the following requirements:

Requirement for a permit: As of October 12, 2006, the Government of Canada requires that all exporters obtain an export permit for every permit for every shipment of covered softwood lumber products to the United States on or before the “time of export” as described in section 5 of the Softwood Lumber Products Export Charge Act, 2006:

5. (1) For the purposes of this Act, the time at which an exported softwood lumber product is considered to be exported is the time at which the product was last loaded aboard a conveyance for export.

(2) However, if the softwood lumber product is exported by rail, the time at which it is considered to be exported is the time at which the railcar that contains it was released to the railway for assembly to form part of a train for export.

(3) For greater certainty, if a softwood lumber product is transshipped through a Canadian reload or other inventory location, the time at which it is considered to be exported is the time at which the product last leaves a reload or other inventory location for export.

The *NGJ Lumber Permit Bulletin* provides information obtained from third parties, primarily government agencies.

Jensen Customs Brokers Canada Inc. (JCBC) has not verified the accuracy of the information nor is it capable of verifying the accuracy of the information. As a consequence, JCBC will not be liable for injury suffered as a result of reliance on the information provided in the *JCBC Lumber Permit Bulletin*.

If you have questions, please contact the JCBC Lumber Desk via e-mail at lumber.permits@ngjensen.com, or by telephone at (204) 928-2812.

If you no longer wish to receive these notices, contact our Trade/Compliance Services Department at: compliance.us@ngjensen.com

Jensen Customs Brokers Canada Inc. is a certified participant in the Partners in Protection (PIP) program.

Accurate reporting on permits: The accurate reporting of all permit data elements is imperative for the data exchange and reconciliation process between Canada and the U.S. Particular attention must be paid to the following:

Export Price – Export price is used in the calculation of the export charge. Exporters are required to properly assess the amount of export charge to be collected and report it to CRA. Furthermore, the export price is a mandatory field on the export permit. In order to facilitate the reporting on the amount of charges assessed, as required under the SLA, the export price reported on a permit should equal the export price used to calculate the charge on the Canada Revenue Agency (CRA) monthly return. If the export price cannot be accurately calculated at the time of obtaining a permit the EICB requires the exporter to provide their best assessment of the export price at the time of export.

Why is this important? The export price declared on an export permit is used in determining an interim assessment of the regions' export charge to be collected and used in the reconciliation process.

For more information on the calculation of export price, please read the *Notice to exporters – Calculation of Export Price* found on the following CRA website: <http://www.cra-arc.gc.ca/tax/business/topics/swl/notices/menu-e.html>

Quantities – Required to accurately assess whether or not Option A regions are in surge and to properly administer volume restrains (quota) for Option B regions.

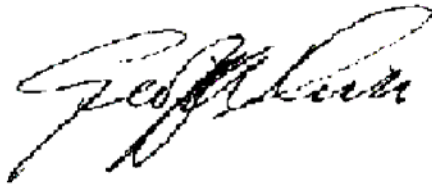
Date of Shipment – Required to appropriately identify the month in which the export occurred and the export charge assessed.

Mill of Origin – Required to assess the “region of origin” of the lumber, from which it was first produced, in order to accurately capture the region the export is applied against.

United States Customs and Border Protection (USCBP) Requirements: As of October 12, 2006 USCBP requires an Export Permit Number for each USCBP entry of softwood lumber products as per an Interim Rule of Softwood Lumber Products. An Interim Rule has been established which allows the U.S. to impose criminal, civil, or administrative penalties for violations of its laws and regulations relating to the importation of softwood lumber products from Canada.

Should you require further information regarding the requirements noted above, please do not hesitate to contact the Softwood Lumber Controls Division at telephone number 613-944-2168 or 1-877-808-8838, facsimile 613-944-8950 or via e-mail softwood.boisdoeuvre@international.gc.ca. Please cite your EICB Number on all correspondence with the Department.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoff White". The signature is fluid and cursive, with the first name "Geoff" being more prominent than the last name "White".

Geoff White
Director, Softwood Lumber Controls Division
Export and Import Controls Bureau

JCBC

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