

Softwood Lumber Exports to the United States: Export of Softwood Lumber Products during June 2010 for those Regions Subject to Regional Quota Volumes

1.0 Purpose

The purpose of this Notice is to provide information to exporters with respect to softwood lumber export volume restraints during the month of June, 2010.

2.0 Duration

This Notice is effective from June 1, 2010 until June 30, 2010.

3.0 Authority

Products covered by this Notice were added to the Export Control List (Group 5) of the Export and Import Permits Act in order to implement and satisfy the conditions of the Softwood Lumber Agreement between the Government of Canada and the Government of the United States, 2006.

4.0 Definitions

"Agreement" means the 2006, Softwood Lumber Agreement, (SLA).

"Allocation Holder" means a person that has been assigned a specified softwood lumber export allocation.

"Export allocation" means an export allocation under paragraph 6.3(3)(b) of the Export and Import Permits Act (EIPA).

"Primary Producer" means a person who produces current softwood lumber products from softwood sawlogs and, in the case of Quebec, includes a person who produced former or Quebec softwood lumber products from softwood sawlogs.

"Region of First Manufacture" means the region (as defined under the SLA) where the mill, at which the softwood lumber product was first manufactured into such a product, is situated, whether or not that product was further processed (for example, planing or kiln drying) or was transformed from one softwood lumber product into another such product (for example, a remanufactured product) in another region.

"Regional Quota Volume" or "RQV" means the quantity of Softwood Lumber Products that may be exported from a region during a month, as determined by the Minister under subsection 6.3(2) of the EIPA, and consistent with the SLA. More specifically, a specified percentage of monthly expected U.S. consumption (varying by region) multiplied by a price adjustment factor (when the framing lumber composite (FLC) average monthly price is at \$US 336 or over, the factor is 1; when the FLC average monthly price is at \$US 316-335, the factor is 32/34; when the FLC average monthly price is at \$US 315 or under, the factor is 30/34).

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 (888) 645-9777 ext 2.

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.

“Remanufacturer” means a person who remanufactures, within the meaning of subsection 13(1) of the Softwood Lumber Products Export Charge Act, 2006.

“Softwood Lumber Products” means the softwood lumber products that are first manufactured in their respective region that are included in Export Control List, item 5104.

5.0 Exports of Softwood Lumber Products for June 2010

Under the EIPA, exporters of Softwood Lumber Products first manufactured in certain regions are subject to regional quota volumes and company specific export allocations when, as per Article VII of the SLA, the prevailing monthly price for any given month is below \$US 355.

Currently, company specific export allocations are required for exports of Softwood Lumber Products from Quebec, Ontario, Manitoba and Saskatchewan. An export allocation is required in order to obtain an export permit for exports to the United States of Softwood Lumber Products first manufactured in one of these regions. An export allocation may only be used to export Softwood Lumber Products first manufactured in the region.

As per the terms of Article VII of the SLA, should the prevailing monthly price for any given month exceed \$US 355, then Quebec, Ontario, Manitoba and Saskatchewan will no longer be subject to regional quota volume restraints and hence, corresponding company specific export allocations.

6.0 Prevailing Monthly Price as per Annex 7A and Article VII of the SLA for June 2010

The prevailing monthly price, as calculated in accordance with paragraph 1 of Annex 7A was \$US 361 for the month of June 2010. This represents the four week-rolling average, 21 days prior to the month of June. (Weeks of April 16, 23, 30 and May 7, 2010).

As a result, Softwood Lumber Products exports from Quebec, Ontario, Manitoba and Saskatchewan for the month of June 2010 will not be subject to a volume restraint and therefore no company specific export allocations will be applied to these regions based on paragraph 2 of Article VII of the SLA.

Article VII, Paragraph 2:

Prevailing Monthly Price, Option A – Export Charge (As a % of Export Price)***Alberta & BC***, Option B – Export Charge (Expressed as a percentage of Export Price) with volume restraint***Manitoba, Saskatchewan, Ontario, Quebec***

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 regions share of 34% of Expected US consumption for the month.

\$US 316-335, 10%, 3% Export Charge + maximum volume that can be exported to the United States cannot exceed the regions share of 32% of Expected US 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 regions share of 30% of Expected US consumption for the month.

The applicable export charge for the month of June 2010 as well as for previous months can be found at the website of the Canada Revenue Agency <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/swl/ptns10-eng.html>.

7.0 Respecting the Transfer of Export Allocations during the month of June 2010

As a result of no regional quota volumes and consequently no company specific allocations, the policy respecting transfers of export allocations (Notice to Exporters Serial #158 dated May 20, 2008

http://www.international.gc.ca/controls-controles/softwood-bois_oeuvre/notices-avis/158.aspx?lang=eng) will not be applicable during the month of June 2010.

8.0 Permit Requirements

During the month of June 2010, companies will still be required to obtain an export permit for exports to the United States of Softwood Lumber Products first manufactured in Quebec, Ontario, Manitoba or Saskatchewan.

Regions not subject to volume restraints (i.e., British Columbia and Alberta) are also required to obtain an export permit for exports to the United States of Softwood Lumber Products first manufactured in their respective regions as prescribed under the 2006 SLA.

9.0 Further Information

For further information relating to the export controls on shipments of softwood lumber to the United States, please contact:

Softwood Lumber Controls Division (TIS)
Export and Import Controls Bureau
Foreign Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario K1A 0G2

Hot Line 613-944-2168 or 1-877-808-8838
Facsimile 613-944-8950
E-mail address: softwood.boisdoeuvre@international.gc.ca
Web Page: <http://www.softwoodlumber.gc.ca>.

For further information with respect to the SLA, please contact:

Softwood Lumber Division (TNS)
Foreign Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario K1A 0G2

Hot Line 613-944-2167
Facsimile 613-944-1452
E-mail address: softwood.boisdoeuvre@international.gc.ca
Web Page: <http://www.softwoodlumber.gc.ca>.