



MNR6446MC-2017-139

The Honourable Jim Carr
Minister of Natural Resources Canada
Government of Canada
House of Commons
Ottawa ON K1A 0A6

Dear Minister Carr:

Subject: Softwood Lumber Dispute

I write to you today regarding the current litigation over softwood lumber trade between Canada and the United States (U.S.). The U.S. has initiated investigations into the Canadian Forestry industry that will likely lead to them imposing potentially significant countervailing and anti-dumping duties. It is likely that Canadian softwood lumber producers will be paying duties by May 2017. As you know, Canadian softwood lumber producers were forced to pay approximately \$5 billion worth of duties during the last round of trade negotiations.

My ministry continues to work proactively to respond to the legal challenge from the U.S. in an effort to help minimize the duty rates that will negatively impact hundreds of companies and thousands of workers across the country. The legal process is a lengthy one and many companies will struggle to stay in business should the U.S. implement unreasonably high duties. Mitigating the risks stemming from trade measures imposed by the U.S. is of great interest to the Ontario government. I understand that Global Affairs Canada is considering options for supporting the forest industry during this trade dispute.

The Ontario government is calling for the creation of a federal loan guarantee program. Such a program would help support the industry confidence and hundreds of communities during a time of uncertainty. It would also ensure that all affected producers are treated equally, as opposed to participating in a variety of provincially based programs. We must work together to mitigate the potential impacts and we join Québec in the call for this program in a timely capacity.

My staff and I look forward to working with you to maintain market access for Ontario, and Canada's softwood lumber producers.

Sincerely,

Kathryn McGarry
Minister of Natural Resources and Forestry

c: Premier Kathleen Wynne
The Honourable Chrystia Freeland, Minister of Foreign Affairs
The Honourable François-Philippe Champagne, Minister of International Trade
Bill Thornton, Deputy Minister of Natural Resources and Forestry
Kathleen McFadden, Assistant Deputy Minister, Forest Industry Division