The following communication, dated 21 January 1992, has been received by the Chairman of the Committee from the Office of the United States Trade Representative with the request that it be circulated to signatories.

In order to avoid any possible future misunderstanding, I would like to memorialize the essence of the informal consultation which you held on 17 January 1992 regarding the terms of reference of the panel established by the Committee to examine the softwood lumber dispute.

The position of the United States is that the scope of the present dispute is limited to issues raised by Canada in the consultations and Committee conciliation which relate to the initiation of the countervailing duty investigation by the US authorities. More specifically, as set out by Canada in the last paragraph of SCM/128, the issues within the mandate of the panel in this dispute will be: (1) whether self-initiation by the US authorities was in conformity with the requirements of Article 2 of the Subsidies Code; (2) whether the suspension of liquidation of entries and the bonding requirement imposed by the US authorities were in conformity with Article 5 of the Code; and (3) whether the US was in conformity with the Code in initiating investigation into whether Canadian provincial government practices relating to the exploitation and pricing of harvested standing timber constituted subsidies.

Any issue beyond those identified above, particularly any issue relating to any aspect of a preliminary or final determination of subsidy which might be made in the future, is outside the mandate of this panel.

The Canadian Government has chosen to complain about the initiation of the countervailing duty investigation; that is the only stage of the proceeding which is within the panel's mandate.