I wish to make clear Canada's view of the results of the 17 January meeting on the terms of reference for the panel in the matter of the United States' initiation of a countervailing duty investigation on certain softwood lumber products from Canada.

Canada and the United States agreed to standard terms of reference at that meeting.

I also wish to confirm what has already been expressed orally by Canada to the secretariat concerning the scope of these terms of reference. One of the issues before the Panel is Canada's position that government policies and practices relating to the exploitation and pricing of government-owned natural resources (in particular, Canada's provincial practices for harvesting standing timber) do not constitute subsidies within the meaning of the GATT and the Subsidies Code, and that as such, without the existence of subsidies, the United States has not met the requirements of the Code in initiating a countervailing duty investigation in this case. Canada rejects the United States' characterization of the terms of reference (ref. Mr. Parlin's letter of 21 January 1992) which would limit the Panel to an examination of "whether the US was in conformity with the Code in initiating [an] investigation into whether" such policies and practices constitute subsidies.