



Softwood Lumber Products Export Charge Notice

SWLN8

November 2008

American Consumption of Softwood Lumber Products Regulations

Note: This Notice supersedes the version dated May 2008.

The purpose of this notice is to inform exporters of softwood lumber products under the *Softwood Lumber Products Export Charge Act, 2006* (the Act) about the regulations that prescribe the formulae used to determine monthly trigger volumes and to determine whether a refund is payable as a result of the third country adjustment mechanism.

The information in this notice is for reference purposes only and does not replace the Act or its regulations. Should there be any discrepancy between the information in this notice and that contained in the Act or its regulations, the legislative provisions apply. As the information in this publication may not completely address your particular situation, you may wish to refer to the relevant Act or regulations, or call the number at the end of this document for additional information.

The *American Consumption of Softwood Lumber Products Regulations* (P.C. 2008-1002) (the Regulations) apply to subsections 14(3), 14(4), and 40(1), paragraph 100(1)(b), and section 107 of the *Softwood Lumber Products Export Charge Act, 2006* (the Act). The Regulations apply on a retroactive basis and are effective as of October 12, 2006.

The Regulations prescribe the formulae to calculate the expected monthly American consumption of softwood lumber products and market share. The resulting factors are used to determine monthly trigger volumes and eligibility for the third country adjustment refund, respectively. These are discussed below in greater detail.

Expected monthly American consumption of softwood lumber products

Under the Act, exports of softwood lumber products to the United States that are produced in Option A regions (i.e., regions opting not to be governed by an export allocation under paragraph 6.3(3)(b) of the *Export and Import Permits Act*) are subject to both an export charge and monthly trigger volume limits. If the monthly trigger volume limit is exceeded by more than 1% in a particular month, the Act provides for a surge mechanism that increases the export charge by 50% on all exports from that region in that month. The increased portion of the charge is commonly referred to as the surge charge.

Under the Act, subsection 14(3) provides a calculation to determine the monthly trigger volume for all regions except the BC coast. Subsection 14(4) provides the calculation for the BC coast. The factor (expected monthly American consumption of softwood lumber products), as determined under the Regulations, is used in calculations found under subsections 14(3) and 14(4) in order to determine whether a surge charge is payable.

Market share – Third country adjustment refund

Under subsection 40(1) of the Act, exporters may be eligible to claim a refund of the export charges paid in two consecutive calendar quarters if all three conditions listed below occur in each of these two consecutive calendar quarters when compared respectively with each of the same two consecutive calendar quarters from the preceding year:

- the share of American consumption of softwood lumber products attributable to imports from countries other than Canada is at least 20% greater;

La version française de la présente publication est intitulée *Règlement sur la consommation américaine de produits de bois d'oeuvre*.



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

-
- the Canadian market share of American consumption of softwood lumber products has decreased; and
 - the American market share of American consumption of softwood lumber products has increased.

The Regulations prescribe the formulae to calculate all market shares referred to in subsection 40(1).

Enquiries

For technical enquiries about the *Softwood Lumber Products Export Charge Act, 2006*, please call 1-866-330-3304.

All technical publications on the softwood lumber products export charge are available on the CRA Web site at www.cra.gc.ca/softwood.