

SOFTWOOD LUMBER SUBSIDIES REPORT
TO THE CONGRESS

U.S. Department of Commerce

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I. Background and Reporting Methodology

On June 18, 2008, section 809(b) of Title VIII of the Tariff Act of 1930 (the Softwood Lumber Act of 2008) was enacted into law. Under this provision, the Secretary of Commerce is mandated to submit to the appropriate congressional committees a report every 180 days on any subsidies provided by countries exporting softwood lumber or softwood lumber products to the United States, including stumpage subsidies. This report is issued pursuant to this requirement.

As in the past reports, for this, the 35th Softwood Lumber Subsidies Report to Congress, we are relying on a six-month period (*i.e.*, January 1, 2025, through June 30, 2025) to identify the countries subject to review. Given the large number of countries and products at issue, it is impractical to find subsidy information for every country that exports softwood lumber or softwood lumber products to the United States.¹ Instead, to provide a report that reflects subsidies which have a significant impact on the U.S. softwood lumber industry, we analyzed U.S. imports of softwood lumber and softwood lumber products to determine which countries were the largest exporters of such products to the United States. Based on data published by the U.S. International Trade Commission's DataWeb, we have included in this report subsidies provided by Austria, Brazil, Canada, Chile, Germany, and Sweden, the only countries with exports accounting for at least one percent of total U.S. imports of softwood lumber by quantity, as classified under Harmonized Tariff Schedule of the United States (HTSUS) codes 4407.1100, 4407.1200, 4407.1300, 4407.1400, and 4407.1900, during the period January 1, 2025, through June 30, 2025.²

Under U.S. countervailing duty (CVD) law, a subsidy will be found if a government authority: (i) provides a financial contribution; (ii) provides any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade (GATT) 1994; or (iii) makes a payment to a funding mechanism to provide a financial contribution to a person, or entrusts or directs a private entity to make a financial contribution, if providing the contribution would normally be vested in the government and the practice does not differ in substance from practices normally followed by governments, and a benefit is thereby conferred. *See* section 771(5)(B) of the Tariff Act of 1930, as amended (the Act). Because the statute does not impose a limitation on the subsidies subject to the reporting requirement, this report, like previous reports, includes subsidy programs, some of which may have expired. *See* section 809(b) of the Act.

II. Identification of Subsidies

The U.S. government investigates and monitors the provision of subsidies by other countries through various means, including the enforcement of U.S. trade laws, participation at the World Trade Organization (WTO), the implementation of bilateral trade agreements, as well as public comment. Therefore, we examined subsidies identified in those areas, specifically: (A) CVD investigations and reviews; (B) WTO reporting by member countries and WTO monitoring; (C)

¹ For the period January 1, 2025, through June 30, 2025, 41 countries exported softwood lumber and softwood lumber products to the United States.

² During the period, Canada accounted for 81.82 percent, Germany 6.56 percent, Sweden 3.53 percent, Brazil 1.65 percent, Austria 1.08 percent, and Chile 1.02 percent of total U.S. imports.

subsidies identified in the course of enforcing bilateral agreements regarding softwood lumber and softwood lumber products; and (D) comments from the public.

A. U.S. CVD Proceedings

To identify subsidies on softwood lumber or softwood lumber products provided by Canada, we analyzed the most recently completed CVD proceedings involving exports to the United States of softwood lumber or softwood lumber products from Canada and have included in this report any subsidies identified in relevant proceedings.³

On November 2, 2017, the U.S. Department of Commerce (Commerce) issued its final determination in the CVD investigation of certain softwood lumber products from Canada (*Lumber V*).⁴ We have included in this report the subsidies to softwood lumber production identified in the *Lumber V Final Determination*. For *Lumber V*, we have also included subsidies identified in the final results of the expedited review, and the final results of the first through sixth administrative reviews.⁵

Prior to *Lumber V*, in 2002, Commerce issued a CVD order on certain softwood lumber products from Canada (*i.e.*, *Lumber IV*).⁶ Because there are some subsidies that were identified in that proceeding (including the last administrative review of the *Lumber IV* order) that were not investigated in *Lumber V*, we have included subsidies found in the administrative review of *Lumber IV* covering the period April 2003 through March 2004.⁷ In 2006, the United States and Canada

³ As stated above, this report presents public information on subsidies in place during the period January 1, 2025, through June 30, 2025, as identified in the following areas, specifically: (A) U.S. CVD proceedings; (B) WTO reporting by member countries and WTO monitoring; (C) subsidies identified in the course of enforcing bilateral agreements regarding softwood lumber and softwood lumber products; and (D) comments from the public.

⁴ See *Certain Softwood Lumber Products from Canada: Final Affirmative Countervailing Duty Determination*, 82 FR 51814 (November 8, 2017) (*Lumber V Final Determination*), and accompanying Issues and Decision Memorandum (IDM). Subsidies identified are unchanged in *Certain Softwood Lumber Products from Canada: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 83 FR 347 (January 3, 2018) (collectively, *Lumber V*).

⁵ See *Certain Softwood Lumber Products from Canada: Final Results of Countervailing Duty Expedited Review*, 84 FR 32121 (July 5, 2019) (*Lumber V Expedited Review Final Results*), and accompanying IDM; *Certain Softwood Lumber Products from Canada: Final Results of the Countervailing Duty Administrative Review; 2017-2018*, 85 FR 77163 (December 1, 2020) (*Lumber V First Review Final Results*), and accompanying IDM; and *Certain Softwood Lumber Products from Canada: Final Results of the Countervailing Duty Administrative Review; 2019*, 86 FR 68467 (December 2, 2021) (*Lumber V Second Review Final Results*), and accompanying IDM; and *Certain Softwood Lumber Products from Canada: Final Results and Final Rescission, in Part, of the Countervailing Duty Administrative Review; 2020*, 87 FR 48455 (August 9, 2022) (*Lumber V Third Review Final Results*), and accompanying IDM; *Certain Softwood Lumber Products from Canada: Final Results and Final Rescission, in Part, of the Countervailing Duty Administrative Review; 2021*, 88 FR 50103 (August 1, 2023) (*Lumber V Fourth Review Final Results*), and accompanying IDM; *Certain Softwood Lumber Products from Canada: Final Results of Countervailing Duty Administrative Review; 2022*, 89 FR 67062 (August 19, 2024) (*Lumber V Fifth Review Final Results*), and accompanying IDM; and *Certain Softwood Lumber Products from Canada: Final Results and Rescission, in Part, of the Countervailing Duty Administrative Review; 2023*, 90 FR 38755 (August 12, 2025) (*Lumber V Sixth Review Final Results*), and accompanying IDM.

⁶ See *Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order: Certain Softwood Lumber Products from Canada*, 67 FR 36070 (May 22, 2002) (*Lumber IV*).

⁷ See *Notice of Final Results of the Countervailing Duty Administrative Review: Certain Softwood Lumber Products from Canada* 70 FR 73488 (December 12, 2005) (*Lumber IV 2nd Review Final Results*), and accompanying IDM.

signed the Softwood Lumber Agreement (SLA), a bilateral accord between the United States and Canada, which resulted in the U.S. government terminating the *Lumber IV* order on imports of Canadian softwood lumber. On October 12, 2015, the SLA expired. This report also includes subsidies applicable to softwood lumber production that were found in two other CVD proceedings involving Canada: *Supercalendered Paper*⁸ and *Uncoated Groundwood Paper*.⁹

B. WTO Notifications and Monitoring

We identified two sources of information from the WTO: Subsidy Notifications and Trade Policy Reviews (TPR). The Subsidy Notification is the primary source of information under the WTO framework for each member country's subsidy programs. WTO member countries are required to notify the WTO of specific subsidies, in accordance with Article 25 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement). This portion of the SCM Agreement requires that Members notify all specific subsidies, at all levels of government and covering all goods sectors, to the SCM Committee. Notifications are due every two years and are available on the WTO's website.¹⁰ For information on the most recent Subsidy Notifications, *see* the "Subsidies Provided" section below.

Pursuant to the WTO's TPR Mechanism, each WTO Member's trade policies and practices are subject to periodic review by the Membership. As part of each TPR, the WTO Secretariat and the Member under review each draft a report. The Secretariat Report provides information on each Member's subsidy programs. The frequency of each country's TPR varies according to its share of world trade. The TPR documents for each Member are available from the WTO Secretariat and are available on the WTO's website.¹¹ For information on the most recent TPRs, *see* the "Subsidies Provided" section below.

C. Monitoring and Enforcement Related to Bilateral Trade Agreements

We have also included in this report subsidies identified in the course of administering and enforcing the SLA.¹²

⁸ *See Supercalendered Paper from Canada: Final Affirmative Countervailing Duty Determination*, 80 FR 63535 (October 20, 2015) (*Supercalendered Paper Final Determination*), and accompanying IDM. Subsidies identified are unchanged in *Supercalendered Paper from Canada: Countervailing Duty Order*, 80 FR 76668 (December 10, 2015) (collectively, *Supercalendered Paper*); *see also Supercalendered Paper from Canada: Final Results of Countervailing Duty Expedited Review*, 82 FR 18896 (April 24, 2017) (*Supercalendered Paper Expedited Review Final Results*), and accompanying IDM. Subsidies identified are unchanged in *Supercalendered Paper from Canada: Amended Final Results of the Countervailing Duty Expedited Review*, 82 FR 25244 (June 1, 2017).

⁹ *See Certain Uncoated Groundwood Paper from Canada: Final Affirmative Countervailing Duty Determination*, 83 FR 39414 (August 9, 2018) (*Uncoated Groundwood Paper Final Determination*), and accompanying IDM.

¹⁰ *See* https://www.wto.org/english/tratop_e/scm_e/scm_e.htm

¹¹ *See* https://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm#bycountry

¹² The SLA was particular to Canada. The United States does not currently have, or had in the past, a similar agreement involving softwood lumber or softwood lumber products from any other country.

D. Public Comment

On November 24, 2025, Commerce published a notice in the *Federal Register* soliciting public comments on subsidies provided by Austria, Brazil, Canada, Chile, Germany, and Sweden on softwood lumber or softwood lumber products for inclusion in this report.¹³ On December 4, 2025, we received several comments from the public. The U.S. Lumber Coalition (USLC)¹⁴ submitted comments on programs subsidizing the lumber industry in Canada, Germany, and Sweden. The Brazilian Association of Mechanically Processed Timber Industry (ABIMCI)¹⁵ submitted comments on the market-based nature of the Brazilian softwood lumber industry. Supply Build Canada¹⁶ submitted comments regarding the relationship between the Canadian and U.S. softwood lumber markets and the ongoing CVD proceedings being conducted by Commerce. Other commenters discussed other means of promoting domestic lumber production. On December 10, 2025, we accepted comments submitted by Central Canada.¹⁷ All comments received are attached as an appendix.

III. Subsidies Provided

In each report issued to Congress, we listed all known subsidies provided by the exporting countries under consideration. The chart below shows the countries included in prior reports.

Report	Austria	Brazil	Canada	Chile	France	Germany	Romania	Sweden
1		X	X	X		X		
2			X	X		X		
3		X	X	X		X		X
4			X	X				
5			X	X				
6			X	X				
7			X	X				
8			X					
9			X					
10			X					
11			X					
12			X	X				
13			X					
14			X	X				
15			X	X				

¹³ See *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment Pursuant to the Softwood Lumber Act of 2008*, 90 FR 52914 (November 24, 2025).

¹⁴ The USLC is an alliance of large and small softwood lumber producers from around the United States, joined by their employees and woodland owners, working to address unfair lumber trade practices.

¹⁵ The ABIMCI is the national association representing Brazil's mechanically processed timber industry and includes among its more than 140 members the principal Brazilian producers and exporters of softwood lumber classified under the HTSUS subheadings relevant to this report.

¹⁶ Supply Build Canada is an association of Canadian building materials suppliers which have significant operations in the United States and support U.S. homebuilders and consumers.

¹⁷ Central Canada is comprised of Conseil de l'industrie forestiere du Quebec and the Ontario Forest Industries Association.

16			X	X				
17			X	X	X			
18			X					
19			X	X		X		
20		X	X			X		X
21		X	X			X		X
22		X	X			X		X
23		X	X			X		X
24		X	X			X		X
25		X	X			X		X
26		X	X			X	X	X
27	X	X	X			X	X	X
28		X	X			X	X	X
29	X	X	X			X	X	X
30	X	X	X			X	X	X
31	X	X	X			X	X	X
32	X	X	X			X		X
33	X	X	X			X		X
34		X	X			X		X

CANADA

Below, we identify subsidies provided by Canada on softwood lumber and softwood lumber products through examinations of the most recently completed CVD proceedings, WTO notifications, and the implementation and enforcement of the SLA.

A. Subsidies Identified in CVD Proceedings

Commerce determined that the following programs benefited Canadian softwood lumber producers in the *Lumber V Final Determination*; *Lumber V Expedited Review Final Results*; *Lumber V First Review Final Results*; *Lumber V Second Review Final Results*; *Lumber V Third Review Final Results*; *Lumber V Fourth Review Final Results*; *Lumber V Fifth Review Final Results*; *Lumber V Sixth Review Final Results*; *Lumber IV 2nd Review Final Results*; ¹⁸ *Supercalendered Paper Final Determination*; *Supercalendered Paper Expedited Review Final Results*; and *Uncoated Groundwood Paper Final Determination*.

Subsidies Identified in *Lumber IV* and *Lumber V*

- Provincial Stumpage Programs (provision of standing timber for less than adequate remuneration (LTAR))
 1. Alberta
 2. British Columbia

¹⁸ During the conduct of the *Lumber IV* investigation and three subsequent administrative reviews, Commerce investigated a large number of programs, not all of which were in use, or evaluated, during the second administrative review. Because the second administrative review was the most recently completed administrative review of the *Lumber IV* order, we have used it as the most current and accurate measure of our findings in *Lumber IV*.

3. Manitoba
4. New Brunswick
5. Ontario
6. Québec
7. Saskatchewan

In Canada, the vast majority of standing timber used by softwood lumber producers originates from lands owned by the Crown. In the *Lumber IV 2nd Review Final Results*, *Lumber V Final Determination*, *Lumber V First Review Final Results*, *Lumber V Second Review Final Results*, *Lumber V Third Review Final Results*, *Lumber V Fourth Review Final Results*, *Lumber V Fifth Review Final Results*, and *Lumber V Sixth Review Final Results*, Commerce found that the provincial governments provided a countervailable subsidy to softwood lumber producers by selling the key input for softwood lumber production, timber, to the Canadian producers in each of the provinces listed above for LTAR.¹⁹ Each of the Canadian provinces has established programs through which it charges certain license holders “stumpage” fees for standing timber harvested from Crown lands.

- British Columbia (BC) Log Export Restraints

The Forest Act states that all timber harvested in BC is required to be used or manufactured in BC into wood products. Logs cannot be exported unless they meet certain criteria, the most common of which is that they are surplus to the needs of the BC timber processing industry. The Government of BC (GOBC) requires private log suppliers to offer logs to BC mill operators, and they may export the logs only if there are no purchasers in the province. The GOBC’s actions require private suppliers of BC logs to sell to, and satisfy the demands of, BC consumers, including mill operators. The export exemption process discourages log suppliers from considering opportunities in the export market by encumbering their ability to export, especially where there is uncertainty as to whether their logs may be found to be surplus to the requirements of BC mills.²⁰

- Non-Stumpage Programs Determined To Confer Subsidies

Programs Administered by the Government of Canada (GOC)

1. Canada—New Brunswick Job Grant Program

This program is part of a joint effort between the GOC and its provinces and territories, under six-year agreements, in which the GOC provides federal funding to provincial or territorial governments for the purposes of increasing labor market participation of groups that are

¹⁹ See *Lumber IV 2nd Review Final Results* IDM at 8-16; see also *Lumber V Final Determination* IDM at 9-10; *Lumber V First Review Final Results* IDM at 12-14; *Lumber V Second Review Final Results* IDM at 11-12; *Lumber V Third Review Final Results* IDM at 13-14; *Lumber V Fourth Review Final Results* IDM at 9-10; *Lumber V Fifth Review Final Results* IDM at 8-9; and *Lumber V Sixth Review Final Results* IDM at 7-8.

²⁰ See *Lumber V Final Determination* IDM at 10-11; see also *Lumber V First Review Final Results* IDM at 14; *Lumber V Second Review Final Results* IDM at 13; *Lumber V Third Review Final Results* IDM at 14; and *Lumber V Sixth Review Final Results* IDM at 8. A similar subsidy is found relating to Wood Residue Export Restriction in *Uncoated Groundwood Paper Final Determination*, see “Wood Residue Export Restraint,” below. Canada’s most recent TPR discusses Canada’s export controls. See WT/TPR/S/455/Rev.1 (September 11, 2024) at 12, 80, and 144.

underrepresented in Canada's labor force and enhancing the employability and skills of Canada's labor force. The New Brunswick aspect of the program was launched in January 2015 pursuant to the Canada-New Brunswick Job Fund Agreement, and is administered by the Department of Post-Secondary Education, Training, and Labour. The Government of New Brunswick (GONB) designed the program, and the GOC contributes two-thirds of the eligible training costs, up to a maximum amount of Canadian dollar (C\$) 10,000 per participant, per fiscal year (FY).²¹

2. Canada-Alberta Job Grant Program/Alberta Workforce Development Agreement

The Canada-Alberta Job Grant is a federal-provincial partnership administered by the Alberta Ministry of Labour and Immigration. The GOC provides funding to the Government of Alberta (GOA) to increase participation in the labor force by helping workers develop essential skills. The program was originally funded through the Canada-Alberta Job Fund Agreement, an agreement between the GOC and the GOA. The agreement was subsequently replaced in 2018 by the Canada-Alberta Workforce Development Agreement. Employers in Alberta determine the type of training necessary for new and existing employees, and are required to use a third-party training provider to deliver formal training. Under the program, the GOC provides up to C\$10,000 for existing employees and up to C\$15,000 for unemployed trainees per fiscal year. To be eligible for funding under the program, a business must be operating in the province of Alberta.²²

3. Accelerated Capital Cost Allowance (ACCA) for Class 29 and Class 53 Assets

Class 29 assets are machinery used in manufacturing and processing operations. Under the ACCA program, Class 29 assets can be fully depreciated at an accelerated rate, over three years, and the amount of depreciation can be claimed as a deduction to reduce the taxpayer's taxable income. Canada's Income Tax Act (ITA) provides for deductions from taxable income for the capital cost of property. Canada's *Income Tax Regulations* (ITR) further specify that tax deductions for depreciation of Class 29 assets are permissible deductions under the ITA; however, the ITR's definition of manufacturing and processing explicitly excludes certain industries from benefitting from this deduction. The ACCA for Class 53 Assets operates in a manner that is nearly identical to the Class 29 program. However, the Class 53 program involves property covered by Class 29 but acquired after 2015 and before 2026. Commerce is treating the tax savings provided under Class 29 and Class 53 as falling under a single program.²³

4. Apprenticeship Job Creation Tax Credit (AJCTC)

The AJCTC allows employers to claim a tax credit of 10 percent of wages for qualifying apprentices in the first two years of employment, up to a maximum of C\$2,000 per apprentice per year. A qualifying apprentice is someone working in a prescribed trade in the first two years of their apprenticeship contract. This contract must be registered with the federal government or a provincial or territorial government under an apprenticeship program designed to certify or license

²¹ See *Lumber V Final Determination* IDM at 11.

²² See *Lumber V Second Review Final Results* IDM at 13.

²³ See *Lumber V Final Determination* IDM at 13-14; see also *Lumber V Expedited Review Final Results* IDM at 7-8; *Lumber V First Review Final Results* IDM at 24; *Lumber V Second Review Final Results* IDM at 20; *Lumber V Third Review Final Results* IDM at 22; *Lumber V Fourth Review Final Results* IDM at 12; *Lumber V Fifth Review Final Results* IDM at 12; and *Lumber V Sixth Review Final Results* IDM at 10.

individuals in the trade. To qualify for a tax credit under the program, the apprentice must be working in one of the 56 “Red Seal Trades.”²⁴

5. Atlantic Investment Tax Credit (ITC)

The Canada Revenue Agency (CRA) administers the ITC, which was implemented in 1977. It provides a credit against federal income tax owed, and its purpose is to encourage investment in the Atlantic Region of Canada. It is available to businesses in the Atlantic Region of Canada, which encompasses the provinces of Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, and Québec’s Gaspé Peninsula. Taxpaying companies in the Atlantic Region can earn an ITC equal to 10 percent of the value of investments that the company has made in qualified property located in the Atlantic Region that is to be used in certain sectors. Qualified property includes machinery and equipment used for manufacturing, and for farming, logging, and fishing. The ITC can be earned in the year that the qualifying property is first put into use, regardless of the acquisition date. The ITC is available to be applied against federal taxes payable three years back and 20 years forward.²⁵

6. Scientific Research and Experimental Development (SR&ED) Tax Credit

The GOC provides a tax credit on companies’ eligible research and development expenditures, such as salary and wages, materials, overhead, and contracts. During 2015, the tax credit was available at a standard rate of 15 percent of the cost of these expenditures. An enhanced rate of 35 percent was offered to small Canadian businesses. There is no application to receive this tax credit; rather it is claimed on Form T661 of the taxpayer’s federal tax return.²⁶

7. Atlantic Canada Opportunities Agency (ACOA) Loans – Atlantic Innovation Fund (AIF)

The ACOA was established by the GOC to support and promote opportunity for economic development of the Atlantic Region of Canada, pursuant to the Atlantic Canada Opportunities Agency Act. The AIF program is administered by ACOA and was established by the GOC in 2000 with the following objectives: (1) to increase activity in and to build capacity for innovation, research and development (R&D) which leads to technologies, products, processes, or services which contribute to economic growth in Atlantic Canada; (2) to increase the capacity for commercialization of R&D outputs; (3) to strengthen the region’s innovation capacity by supporting research, development and commercialization partnerships and alliances among private sector firms, universities, research institutions, and other organizations in the Atlantic System of

²⁴ See *Lumber V Final Determination* IDM at 14; see also *Lumber V First Review Final Results* IDM at 24; and *Lumber V Fourth Review Final Results* IDM at 12-13.

²⁵ See *Lumber V Final Determination* IDM at 14; see also *Lumber V Expedited Review Final Results* IDM at 8; *Lumber V First Review Final Results* IDM at 25; *Lumber V Second Review Final Results* IDM at 21; *Lumber V Third Review Final Results* IDM at 22; *Lumber V Fourth Review Final Results* IDM at 13; and *Lumber V Fifth Review Final Results* IDM at 12.

²⁶ See *Lumber V Final Determination* IDM at 14; see also *Lumber V Expedited Review Final Results* IDM at 9; *Lumber V First Review Final Results* IDM at 26; *Lumber V Second Review Final Results* IDM at 21; *Lumber V Third Review Final Results* IDM at 22; *Lumber V Fourth Review Final Results* IDM at 13-14; *Lumber V Fifth Review Final Results* IDM at 13; and *Lumber V Sixth Review Final Results* IDM at 11.

Innovation, and to increase their critical mass; and (4) to maximize benefits from the national R&D programs. Under the AIF, recipient companies operating in the Atlantic Region of Canada can receive transfer payments that are conditionally repayable, repayable, or non-repayable.²⁷

8. Western Economic Diversification Program (WDP): Grants and Conditionally Repayable Contributions

Introduced in 1987, the Western Economic Diversification Program (WDP) is administered by the GOC's Department of Western Economic Diversification headquartered in Edmonton, Alberta, whose jurisdiction encompasses the four western provinces of Alberta, British Columbia, Manitoba, and Saskatchewan. The program supports commercial and non-commercial projects that promote economic development and diversification in the region.

During the 2003-2004 period covered by the most recently completed administrative review of the *Lumber IV* order, the WDP provided grants to softwood lumber producers or associations with two "sub-programs," *i.e.*, the International Trade Personnel Program (ITPP) and "Other WDP Projects." Under the ITPP and "Other WDP Projects," companies were reimbursed for certain salary expenses in Alberta, British Columbia, Manitoba, and Saskatchewan.²⁸

9. Natural Resources Canada (NRCan) Softwood Marketing Subsidies

In 2002, the GOC approved a total of C\$75 million in grants to target new and existing export markets for wood products and to provide increased research and development to supplement innovation in the forest products sector. This total was allocated to three sub-programs: Canada Wood Export Program (Canada Wood); Value to Wood Program (VWP); and the National Research Institutes Initiative (NRII). The programs were placed under the administration of NRCan, a part of the Canadian Forest Service.

The VWP is a five-year research and technology transfer initiative supporting the value-added wood sector through partnerships with academic and private non-profit entities. During the 2003-2004 period of review of *Lumber IV*, NRCan entered into research contribution agreements with Forintek Canada Corp. (Forintek) to do research on efficient resource use, manufacturing process improvements, product development, and product access improvement. The VWP is still available. See "Subsidies Identified from Canada's WTO Notification" for additional information.

The NRII is a two-year program that provides salary support to three national research institutes: Forest Engineering Research Institute of Canada (FERIC), Forintek, and Pulp & Paper Research Institute of Canada. In the 2003-2004 administrative review of *Lumber IV*, Commerce found that FERIC's research covers harvesting, processing, and transportation of forest products, silviculture operations, and small-scale operations and, thus, government-funded R&D by FERIC benefits, *inter alia*, producers of softwood lumber. Similarly, Commerce found that Forintek's operations

²⁷ See *Lumber V Final Determination* IDM at 18; see also *Lumber V Third Review Final Results* IDM at 26.

²⁸ See *Lumber IV 2nd Review Final Results* IDM at 16-17.

are done in collaboration with the GOC under NRII, which pertain to resource utilization, tree and wood quality, and wood physics.²⁹ The NRII is periodically reinstated.³⁰

10. Federal Logging Tax Credit (FLTC)

The FLTC is a non-refundable tax credit administered by the CRA that can be used to offset federal income taxes payable for the year. To claim the FLTC with respect to logging taxes paid during the year, taxpayers must have federal income taxes payable for the year. The FLTC is provided for under subsection 127(1) of Part 1 of the *Canada Income Tax Act*. Eligibility for the FLTC is limited to taxpayers paying provincial logging tax that has been declared by regulation to be a tax of general application on income from logging operations.³¹

11. Temporary Initiative for the Strengthening of Québec's Forest Economies (TISQFE)

The TISQFE was created in 2010, by the Canada Economic Development of Québec Regions (CED) to strengthen and increase economic activity in areas of Québec affected by the forestry crisis to create and preserve jobs. The CED, a federal government agency, was created in 2005 to promote the long-term economic development of Québec, where slow growth is prevalent. The CED was authorized to implement the TISQFE through the *Economic Development Agency of Canada for the Regions of Québec Act*. The TISQFE provides grants and “repayable contributions,” *i.e.*, interest-free loans, to entities located in communities dependent on the forest industry.³²

12. Sustainable Development Technology Canada (SDTC)

The Parliament of Canada established the Canadian Foundation for SDTC in 2001, as a non-profit corporation to fund sustainable development technology demonstration projects in Canada. SDTC is funded by the GOC through the government agency known as Innovation, Science and Economic Development of Canada. Projects eligible for funding must develop or demonstrate new technologies to promote sustainable development, including technologies to address issues related to climate change and the quality of air, water and soil.³³

13. Capital Cost Allowance (CCA) for Class 1 Assets

Class 1 assets, listed in Schedule II of the ITR, include most buildings acquired after 1987 and the cost of certain additions or alterations made after 1987. Buildings classified under Class 1 are usually depreciated at the CCA rate of four percent. However, if at least 90 percent of the floor

²⁹ The area of wood science is concerned with the physical and mechanical properties of wood and the factors which affect them.

³⁰ See *Lumber IV 2nd Review Final Results* IDM at 17-18.

³¹ See *Lumber V Expedited Review Final Results* IDM at 8; see also *Lumber V First Review Final Results* IDM at 25; *Lumber V Second Review Final Results* IDM at 21; *Lumber V Fourth Review Final Results* IDM at 13; *Lumber V Fifth Review Final Results* IDM at 12-13; and *Lumber V Sixth Review Final Results* IDM at 11.

³² See *Lumber V Expedited Review Final Results* IDM at 11.

³³ See *Lumber V First Review Final Results* IDM at 14; see also *Lumber V Third Review Final Results* IDM at 15; and *Lumber V Fifth Review Final Results* IDM at 9.

space of an eligible non-residential building is used for the manufacturing or processing of goods for sale or lease, a taxpayer may apply for an additional six percent deduction (for a total depreciation rate of 10 percent). Further, if the eligible non-residential building does not qualify for the additional six percent CCA, it may still qualify for an additional two percent deduction (for a total depreciation rate of six percent).³⁴

14. CCA for Class 43.2 Assets

The Class 43.2 CCA provides an accelerated depreciation for specified clean energy generation and energy conservation property. Class 43.2 assets, listed in Schedule II of the ITR, include certain capital costs of systems that produce energy by using renewable energy sources or waste, or conserve energy by using fuel more efficiently, which were acquired after February 22, 2005, and before 2025. Equipment classified under Class 43.2 are depreciated at the CCA rate of 50 percent per year on a declining balance basis, rather than a 30 percent rate on a declining basis under Class 43.1.³⁵

15. Green Jobs Program

Employment and Social Development Canada (ESDC) administers and provides funding for the Green Jobs Program through ESDC's Youth Employment and Skills Strategy (YESS) program. YESS provides funding to third-party organizations such as Project Learning Tree Canada (PLT), a charitable organization. PLT Canada provides services to help young people develop skills and knowledge to pursue sustainable green jobs. Specifically, PLT Canada's Green Jobs Program provides wage-matching funds to employers who provide opportunities for young Canadians to develop skills on the job. Program funds match up to 50 percent of an employee's salary, up to a maximum of C\$5,712. The program is limited to jobs that support sustainability in the forest and conservation sectors, such as positions involved in forest management, silviculture, and forest products operations.³⁶

16. Forest Machine Connectivity Master Project

The Forest Machine Connectivity Master Project is administered by Canada's Digital Technology Supercluster, a not-for-profit organization that receives funding under the Global Innovation Clusters program from the GOC, which provides funding for five clusters: Digital, Protein Industries, Advanced Manufacturing, AI-Powered Supply Chains, and Ocean. The purpose of the Global Innovation Clusters program is to spur innovation in various sectors across the Canadian economy. The clusters carry out activities and projects proposed by industry-led consortia and obtain co-investment from industry sources to match funding from the GOC. The clusters do not

³⁴ See *Lumber V First Review Final Results* IDM at 25; see also *Lumber V Second Review Final Results* IDM at 20-21; *Lumber V Third Review Final Results* IDM at 22; *Lumber V Fourth Review Final Results* IDM at 13; *Lumber V Fifth Review Final Results* IDM at 12; and *Lumber V Sixth Review Final Results* IDM at 10.

³⁵ See *Lumber V Second Review Final Results* IDM at 21.

³⁶ See *Lumber V Third Review Final Results* IDM at 14; see also *Lumber V Fourth Review Final Results* IDM at 10; *Lumber V Fifth Review Final Results* IDM at 9; and *Lumber V Sixth Review Final Results* IDM at 8.

have restrictions on industries or enterprises that can participate, and participants may include private sector Canadian firms, research institutions, and non-profit organizations.³⁷

17. Energy Efficiency for Industry (EEI)

The EEI program, established in 2017 and administered by NRCan, a federal agency, assists industrial facilities with improving their energy performance and reducing their greenhouse gas (GHG) emissions by providing funds towards the cost of an energy management project. NRCan provides financial assistance of up to 50 percent of eligible costs, to a maximum of C\$40,000 per facility, and a maximum of C\$200,000 per organization/corporation. Costs that may be covered with EEI assistance include such expenses as salaries of employees for work specific to the energy management system, purchase of instrumentation software and metering equipment, and fees associated with obtaining ISO 50001 certification. Under applicable laws and regulations, companies with industrial facilities across Canada can apply for assistance under the EEI without limitation as to the kind of industry.³⁸

Programs Administered by the GOA

1. Bioenergy Producer Credit Program (BPCP) / Bioenergy Producer Program (BPP)

The BPCP encourages investment in bioenergy production capacity in Alberta to reduce reliance on fossil fuels, support Alberta's Renewable Fuels Standard, and create value-added opportunities with economic benefits. The program provides funding for production of various types of biofuels for electricity and heat, produced from biomass, such as hog fuel. The 2011-2016 BPCP commenced on April 1, 2011, and was terminated on March 31, 2016, and a similar short-term replacement program, BPP, was established on October 25, 2016. The BPP builds upon the previous BPCP and provides transitional support to the bioenergy sector.

Provided the applicant applied during an open call for applications and met the program eligibility criteria, an applicant would be approved under BPCP 2011-2016. The payments under the BPCP were made on a quarterly basis, and if a company initially met the guidelines to receive BPCP payments and continued to meet the guidelines going forward, then the company could continue to expect to receive payments under BPCP until the program ended in 2016.³⁹

2. Alberta Tax-Exempt Fuel Program for Marked Fuel

The Marked Fuel Tax Exemption program, which is part of the GOA's larger Tax-Exempt Fuel Use program, provides a tax exemption of nine cents per liter to eligible companies and municipalities when fuel is used in unlicensed vehicles, machinery, and equipment for qualifying off-road activities. Eligibility for this program is limited in Alberta's *Fuel Tax Regulation* to those entities that have a valid fuel tax exemption certificate. Only consumers that intend to purchase

³⁷ See *Lumber V Fifth Review Final Results* IDM at 9; see also *Lumber V Sixth Review Final Results* IDM at 8.

³⁸ See *Lumber V Sixth Review Final Results* IDM at 9.

³⁹ See *Lumber V Final Determination* IDM at 11; see also *Lumber V First Review Final Results* IDM at 15.

marked fuel for specific purposes or uses set forth in section 8(3) of the *Fuel Tax Regulation* are eligible for a fuel tax exemption certificate to purchase marked fuel.⁴⁰

3. SR&ED – GOA

The SR&ED tax credit for expenditures on R&D was enacted by the GOA to encourage Alberta companies to conduct more R&D and to make Alberta a more attractive location for knowledge-intensive companies.

The GOA reports that the SR&ED – GOA credit applies to eligible R&D expenditures. The credit is available for all expenditures incurred by corporations in Alberta after December 31, 2008 that are also eligible for the SR&ED – GOC credit, which is a program addressed separately above. The SR&ED – GOA tax credit is calculated according to sections 26.6 through 26.91 of the *Alberta Corporate Tax Act*, equal to 10 percent of a company's eligible expenditures up to C\$4 million, for a maximum credit of C\$400,000 per tax year. Once corporations show that their expenditures were incurred in Alberta and are eligible for the federal SR&ED tax credit, such corporations can claim the provincial tax credit.⁴¹

4. Alberta Bio Future (ABF)

The ABF is administered by the provincial government corporation, Alberta Innovates. Alberta Innovates was established pursuant to the *Alberta Research and Innovation Act* and the *Alberta Public Agencies Governance Act*. Launched in March 2015, the ABF provides grants in three strategic priority areas: (1) research and innovation; (2) product and technology commercialization; and (3) equipment utilization. The program focuses on projects that enhance value to biomass in agriculture and forestry and create new bio-industrial products and bio-industrial technologies.⁴²

5. Alberta Property Tax – Economic Obsolescence Allowance (EOA)

Property tax abatement benefits are provided in the form of property tax allowances reflecting diminished economic value for certain facilities and relate to the value for property tax purposes only. The depreciation for machinery and equipment in Alberta is governed by the Alberta Machinery & Equipment Minister's Guidelines. The Guidelines provide that an assessor may adjust for additional depreciation provided acceptable evidence of such loss in value exists for any depreciation not reflected in normal schedules. This additional depreciation is commonly referred to as economic obsolescence. Each individual property tax abatement is determined through discussions with municipal assessors.⁴³

⁴⁰ See *Lumber V Final Determination* IDM at 14-15; see also *Lumber V First Review Final Results* IDM at 26; *Lumber V Second Review Final Results* IDM at 22; *Lumber V Third Review Final Results* IDM at 23; *Lumber V Fourth Review Final Results* IDM at 14; and *Lumber V Fifth Review Final Results* IDM at 13.

⁴¹ See *Lumber V Final Determination* IDM at 15; see also *Lumber V First Review Final Results* IDM at 26; *Lumber V Second Review Final Results* IDM at 22; and *Lumber V Third Review Final Results* IDM at 23.

⁴² See *Lumber V First Review Final Results* IDM at 15.

⁴³ *Id.* at 27; see also *Lumber V Second Review Final Results* IDM at 23; *Lumber V Third Review Final Results* IDM at 23; *Lumber V Fourth Review Final Results* IDM at 14; and *Lumber V Fifth Review Final Results* IDM at 13.

6. Schedule D Depreciation

Under Alberta's property assessment and taxation system, the value of a property determines the amount of property tax owed, and valuation assessments of industrial property take place annually. Regulations in the *Municipal Government Act* detail how Schedule D depreciation allows additional depreciation to be factored into the valuation of the industrial property. Such allowances are limited to highly unusual site-specific circumstances such as catastrophic physical failure and are only allowed on a case-by-case basis when evidence is documented and approved by the assessor.⁴⁴

7. Custom Energy Solutions (CES) Program

The CES program is administered by Energy Efficiency Alberta, a crown corporation established under the 2016 *Energy Efficiency Alberta Act*. The CES program offers financial incentives designed to improve the energy efficiency of industries with high energy needs. Commercial, institutional, and industrial organizations that emit more than 5,000 tons, but less than 100,000 tons, of GHG per year are eligible for funding. The CES Implementation Program provides technical support and funds for scoping audits and engineering studies to assess a facility's energy usage in order to determine energy efficiency upgrades. This subprogram also offers financial support and incentives to implement the upgrades. The On-site Energy Manager Program provides funds that cover up to 90 percent of an on-site energy manager's first-year salary. The energy manager's role is to provide expertise to support decision-making for energy efficiency improvements.⁴⁵

8. Load Shedding Services for Imports (LSSi)

Load shedding is a system reliability tool deployed by an Independent System Operator (ISO) as a means to preserve system reliability when demand and supply electricity imbalances create frequency drops that threaten the system. Alberta's ISO is the Alberta Electric System Operator (AESO). To restore balance when generation and load demand are out of alignment, a system can either decrease the load demand or increase generation. However, Alberta's electric system does not have the ability to increase generation quickly enough to respond to a sudden loss of imported power generation. Thus, to decrease the load demand, the AESO trips the loads of electricity market participants that have made their facilities available to immediately disconnect from the electrical system. Market participants submit bids to make their facilities available for load tripping, and the AESO evaluates and selects providers on a competitive basis, from lowest to highest price. Customers that provide load shedding to AESO are compensated for the costs they incur during load tripping. The AESO pays load shedding providers based on the amount of

⁴⁴ See *Lumber V First Review Final Results* IDM at 27; see also *Lumber V Second Review Final Results* IDM at 22; *Lumber V Third Review Final Results* IDM at 23; *Lumber V Fourth Review Final Results* IDM at 14; *Lumber V Fifth Review Final Results* IDM at 13-14; and *Lumber V Sixth Review Final Results* IDM at 11.

⁴⁵ See *Lumber V Second Review Final Results* IDM at 13; see also *Lumber V Third Review Final Results* IDM at 15.

availability offered and for the tripping of electricity pursuant to contracts between the AESO and the providers.⁴⁶

9. Carbon Levy Rebate

The GOA imposes two tax regimes related to GHG emissions. The first regime, the Specified Gas Emitters Regulation (SGER), in effect since 2007, requires that companies that emit more than 100,000 tons of GHG per year, or Large Final Emitters (LFE), to either pay a per-ton fee for GHG emissions, purchase and use emissions offsets or performance credits, and/or reduce emissions below a specified level. The second regime, the provincial carbon levy, effective 2017, applies to all fossil fuel purchases. To avoid double taxing companies, the GOA exempted facilities subject to the SGER from the carbon levy. The GOA subsequently amended the SGER to allow certain facilities that were not subject to the SGER to opt in to the SGER and thus claim an exemption for the carbon levy. To be eligible to opt in, a facility must emit less than 100,000 tons of GHG per year and compete directly with an LFE that is subject to the SGER (*i.e.*, sell the same product). During the SGER opt-in approval process, facilities continue to purchase fuel with the carbon levy included. Once approved to opt in to the SGER, facilities are eligible to apply for a rebate of the total carbon levy paid.⁴⁷

10. Incentives Under GOA's Technology Innovation and Emissions Reduction (TIER) Regulation – Emissions Performance Credits (EPCs) and Emissions Offset Credits (EOCs)

The GOA manages a GHG emissions trading system for industrial facilities through the TIER, which imposes emissions reduction obligations on large emitters (*i.e.*, facilities that emitted 100,000 tons of GHG). These facilities must reduce their emissions to meet facility-specific emissions benchmarks. To comply, facilities can either pay a per-ton fee for GHG emissions over the facility benchmark, purchase and use EOCs or EPCs towards such fees, and/or reduce emissions below the specified level.

To earn EPCs, a TIER-regulated facility may undertake projects that reduce its emissions below its mandated reduction target. Each EPC is equivalent to a one-ton reduction below its facility emissions benchmark. To generate emissions offsets, a company that is not regulated under TIER may voluntarily implement a project that reduces its GHG emissions. Once a project is completed and verified, emissions offsets are registered with the Alberta Emissions Offset Registry (*i.e.*, serialized) and are available to be purchased and sold at a market-determined price. By virtue of creating this mechanism in which entities can earn, use, and sell emissions offsets, the GOA provides a fiscal allowance or certificate that has value at the time of bestowal.⁴⁸

⁴⁶ See *Lumber V Second Review Final Results* IDM at 13; see also *Lumber V Third Review Final Results* IDM at 15; *Lumber V Fourth Review Final Results* IDM at 10-11; *Lumber V Fifth Review Final Results* IDM at 10; and *Lumber V Sixth Review Final Results* IDM at 9.

⁴⁷ See *Lumber V Second Review Final Results* IDM at 22.

⁴⁸ See *Lumber V Third Review Final Results* IDM at 15; see also *Lumber V Fifth Review Final Results* IDM at 10; and *Lumber V Sixth Review Final Results* IDM at 9.

Programs Administered by the GOBC

1. BC Hydro Power Smart: Energy Manager

BC Hydro, a government-operated electricity company which services a large portion of British Columbia's population, operates the BC Hydro Power Smart program to comply with British Columbia's *Clean Energy Act*. Power Smart funds are disbursed among programs for each of its three categories of customers: residential, commercial, and industrial. Within the industrial category, there are subprograms under which industrial customers may qualify for a variety of grants as incentives for companies to lower their electricity usage. Under the Energy Manager subprogram, BC Hydro provides funding in the form of wage subsidies to industrial customers to fund an employee dedicated to identifying energy conservation opportunities for a two-year term.⁴⁹

2. BC Hydro Power Smart: Load Curtailment

BC Hydro operates the BC Hydro Power Smart program to comply with British Columbia's *Clean Energy Act*. This program includes subprograms under which industrial customers may qualify for a variety of grants as incentives for companies to lower their electricity usage. From November 2015 to March 2016, BC Hydro undertook a pilot program to determine whether large industrial customers could curtail their load during times when the demand on BC Hydro's electricity system was at its peak. Under the Load Curtailment Pilot subprogram, BC Hydro paid customers on a monthly basis based on the number of megawatts (MW) bid into the program at a fixed dollar per MW price.⁵⁰

3. BC Hydro Power Smart: Incentives

BC Hydro operates the BC Hydro Power Smart program to comply with British Columbia's *Clean Energy Act*. This program includes subprograms under which industrial customers may qualify for a variety of grants as incentives for companies to lower their electricity usage. Under the Incentives subprogram, BC Hydro provides funding to support capital projects that achieve greater energy efficiency or displace the electrical load purchased from BC Hydro.⁵¹

4. Lower Tax Rates for Coloured Fuel/BC Coloured Fuel Certification

The *Motor Fuel Act* of British Columbia permits the GOBC to charge different tax rates for clear and colored fuel. Colored fuel is taxed at a lower rate than clear fuel; however, certain conditions must be met to purchase colored fuel. In particular, purchasers must complete a Coloured Fuel Certification (FIN-430) certifying that they are eligible to purchase colored fuel and selecting on the form the reasons why, as colored fuel may only be used for certain authorized purposes. The authorized uses for colored fuel are primarily limited to off-highway applications under BC's *Motor Fuel Tax Act*. The form FIN-430 must be provided to any suppliers of colored fuel before

⁴⁹ See *Lumber V Final Determination* IDM at 11-12; see also *Lumber V First Review Final Results* IDM at 16; *Lumber V Third Review Final Results* IDM at 16; *Lumber V Fifth Review Final Results* IDM at 10-11; and *Lumber V Sixth Review Final Results* IDM at 10.

⁵⁰ See *Lumber V Final Determination* IDM at 12.

⁵¹ *Id.*; see also *Lumber V First Review Final Results* IDM at 16; *Lumber V Second Review Final Results* IDM at 14; *Lumber V Fifth Review Final Results* IDM at 10; and *Lumber V Sixth Review Final Results* IDM at 10.

making a purchase. Companies may then purchase colored fuel at the reduced motor fuel tax rate.⁵²

5. SR&ED – GOBC

The SR&ED tax credit is administered by the CRA on behalf of the GOBC. The program is designed to encourage R&D that will lead to new, improved, or technologically advanced products or processes. Corporations with permanent establishments in British Columbia that conduct qualifying SR&ED activities in British Columbia during a particular tax year may claim a BC tax credit on their qualifying expenditures.⁵³

6. Revitalization Property Tax Exemption – Quesnel

The city of Quesnel, in the province of British Columbia, passed a bylaw in September 2005 to establish the Revitalization Tax Exemption program. The bylaw established a revitalization area within the municipality providing tax exemptions for land, improvements, or both land and improvements. To be eligible under the bylaw, the landowner must own property classified as Class 4 “Major Industrial” or certain qualifying Class “Business and other” property or alter an existing Class 4 or Class 6 improvement. The construction or alteration must result in an increase in assessed value of the property of at least C\$16 million.⁵⁴

7. BC Hydro Electricity Purchase Agreements (EPAs)

BC Hydro is a vertically integrated electric utility that owns and operates more than 30 generating facilities, 78,000 kilometers of transmission and distribution lines, and approximately 300 substations to provide electricity service to approximately 1.9 million customers representing about 4 million people. BC Hydro, a provincial Crown corporation, purchases energy from independent power producers (IPPs) pursuant to long-term EPAs. Through its EPAs with IPPs, BC Hydro secures long-term supply with long-term price certainty, avoids market price volatility, and avoids project development risks.⁵⁵

8. Forestry Innovation Investment Program (FIIP)

The FIIP came into effect on April 1, 2002. On March 31, 2003, FIIP was incorporated as Forestry Innovation Investment Ltd. (FII). FII funds are used to support the activities of universities, research and educational organizations, and industry associations producing a wide range of wood products. FII’s strategic objectives are implemented through three sub-programs addressing:

⁵² See *Lumber V Final Determination* IDM at 15; see also *Lumber V First Review Final Results* IDM at 27; *Lumber V Second Review Final Results* IDM at 24; *Lumber V Third Review Final Results* IDM at 24; *Lumber V Fourth Review Final Results* IDM at 15; *Lumber V Fifth Review Final Results* IDM at 14; and *Lumber V Sixth Review Final Results* IDM at 12.

⁵³ See *Lumber V Final Determination* IDM at 15; see also *Lumber V First Review Final Results* IDM at 28; *Lumber V Second Review Final Results* IDM at 24; *Lumber V Fourth Review Final Results* IDM at 15; *Lumber V Fifth Review Final Results* IDM at 15; and *Lumber V Sixth Review Final Results* IDM at 12.

⁵⁴ See *Lumber V Final Determination* IDM at 15-16.

⁵⁵ *Id.* at 18; see also *Lumber V First Review Final Results* IDM at 33; *Lumber V Second Review Final Results* IDM at 27; *Lumber V Third Review Final Results* IDM at 27; *Lumber V Fourth Review Final Results* IDM at 17; *Lumber V Fifth Review Final Results* IDM at 16; and *Lumber V Sixth Review Final Results* IDM at 13.

research, product development, and international marketing. FII grants support product development and international marketing for Canadian softwood lumber producers.⁵⁶

9. British Columbia Private Forest Property Tax Program

British Columbia's property tax system has two classes of private forest land – Class 3, “unmanaged forest land,” and Class 7, “managed forest land” – that incurred different tax rates from the 1990s through the 2003-2004 period of review. Various municipal and district (*a.k.a.*, regional) level authorities imposed generally lower rates for Class 7 than for Class 3 land. The tax program is codified in several laws, of which the most salient is the 1996 *Assessment Act* (and subsequent amendments). Section 24(1) of the *Assessment Act* contains forest land classification language expressly requiring that, *inter alia*, Class 7 land be “used for the production and harvesting of timber.”⁵⁷

10. BC Employer Training Grant (ETG) / Canada – BC Job Grant

The BC ETG program is the successor program to the Canada – BC Job Grant program, which provides funding to increase participation in the labor force by helping workers develop necessary skills. In 2018, the GOBC replaced the Canada – BC Job Grant program with the BC ETG via the joint Workforce Development Agreement between the GOC and the GOBC, and the program continues to be administered by the Ministry of Advanced Education, Skills, and Training. The BC ETG successor program operates in effectively the same manner as the Canada – BC Job Grant program.⁵⁸

In prior reports, the Canada – BC Job Grant program was listed under “Subsidies Identified in *Uncoated Groundwood Paper*.”

11. Carbon Offset Grants

Under the *Climate Change Accountability Act*, the GOBC requires BC public sector organizations to achieve carbon neutrality from 2010 onwards. For qualified projects, the GOBC estimates a monetary value representing the amount of carbon reduction realized by a project and issues Offset Units representing that value to the BC Carbon Registry. Once Offset Units are issued to the BC Carbon Registry, the recipient company can freely transfer Offset Units to other parties or sell them to the GOBC, which purchases Offset Units to meet the carbon neutrality requirement for the provincial public sector.⁵⁹

⁵⁶ See *Lumber IV 2nd Review Final Results* IDM at 18.

⁵⁷ *Id.* at 18-19.

⁵⁸ See *Lumber V First Review Final Results* IDM at 15; see also *Uncoated Groundwood Paper Final Determination* IDM at 12.

⁵⁹ See *Lumber V First Review Final Results* IDM at 16; see also *Lumber V Second Review Final Results* IDM at 14; *Lumber V Third Review Final Results* IDM at 16; *Lumber V Fourth Review Final Results* IDM at 11; *Lumber V Fifth Review Final Results* IDM at 10; and *Lumber V Sixth Review Final Results* IDM at 9.

12. Provincial Logging Tax Credit (PLTC) – British Columbia

Taxpayers in Canada generally pay provincial and federal income taxes on their income. However, taxpayers in the forestry industry are also subject to provincial logging taxes based on their logging income, in addition to the provincial and federal income taxes on their total income. A portion of the tax (one third) is rebated through a credit against income tax owed to the GOBC, and the remainder (two thirds) is rebated through a credit against income tax owed to the GOC using the FLTC (*see* GOC section above). The FLTC and the GOBCs PLTC fully reimburse the respective taxpayer's net income tax on net logging income thus reducing the taxpayer's provincial logging tax to zero.⁶⁰

13. Industrial Property Tax Credit (IPTC)/School Tax Credit

The GOBC establishes the tax rates applicable to non-residential taxable property within the province. For properties classified under Class 4 – Major Industry, the tax collecting authority is required to apply the IPTC on the tax collection notice, and the taxpayer then pays the net amount. Industries eligible for property classification under Class 4 – Major Industry include coal mining, petroleum and natural gas, manufacturing of lumber products, chemicals, synthetic resins, cement, insulation, and glass, ship building, and cargo loading/storage. Pursuant to sections 119 and 120 of the *School Act*, the IPTC is set to 60 percent of the provincial school tax payable. This credit is automatically applied to all properties classified as Class 4 – Major Industry.⁶¹

14. Training Tax Credit

Under the *Industry Training Act*, a tax credit is provided to employers participating in eligible apprenticeship programs administered through the Industry Training Authority. This BC tax credit functions as a corollary to the Apprenticeship Job Creation Tax Credit administered by the GOC.⁶²

15. Payments from BC Hydro to West Fraser Mills Ltd.

West Fraser performed work on certain project activities for BC Hydro related to energy production between 2011 and 2016. BC Hydro reimbursed West Fraser for expenditures related to the activities that West Fraser performed, or subcontracted to perform, for BC Hydro.⁶³

16. CleanBC Program for Industry – Industrial Incentive Program (CIIP)

The CleanBC Program for Industry, administered by the Ministry of Environment and Climate Change Strategy's Climate Action Secretariat, is funded via revenue from the provincial carbon tax to promote reductions in GHG emissions. The program is comprised of the subprogram CleanBC Industrial Incentive Program which returns a portion of the provincial carbon tax paid by industrial

⁶⁰ See *Lumber V First Review Final Results* IDM at 28; *see also Lumber V Second Review Final Results* IDM at 24; *Lumber V Fourth Review Final Results* IDM at 15; *Lumber V Fifth Review Final Results* IDM at 14-15; and *Lumber V Sixth Review Final Results* IDM at 12.

⁶¹ See *Lumber V First Review Final Results* IDM at 28-29; *see also Lumber V Second Review Final Results* IDM at 23; *Lumber V Fourth Review Final Results* IDM at 15; and *Lumber V Fifth Review Final Results* IDM at 14.

⁶² See *Lumber V First Review Final Results* IDM at 29; *see also Lumber V Second Review Final Results* IDM at 24.

⁶³ See *Lumber V First Review Final Results* IDM at 17.

emitters to the companies that meet emissions-reporting requirements under the *Greenhouse Gas Industrial Reporting and Control Act*. Large industrial operations with facilities that emit more than 10,000 tons of carbon dioxide per year are eligible. To qualify for a payment, a large industrial facility must have an emissions intensity below the eligibility threshold and meet a performance-based threshold. The eligibility threshold is the maximum emissions intensity each industrial product or activity may reach. The performance-based threshold is an emissions intensity benchmark based on industry standards for the given sector. The program incentivizes cleaner operations by refunding up to 75 percent of the provincial carbon tax paid by such industrial facilities that meet the lower GHG emissions standards.⁶⁴

17. Class Managed Forest Lands Assessment Rates⁶⁵

The BC Assessment Authority (BCAA) classifies property and assesses property taxes throughout British Columbia. The BCAA classifies land and buildings into a number of classes, in which each class has a different taxation rate and is governed by a different section of the *Assessment Act*. The Class 7 Managed Forest Land classification applies to privately owned forest land for which certain forest management commitments (such as, reforestation activities, protection and preservation of water sources, and environmentally sound harvesting methods) have been made to the Managed Forest Council. Eligibility criteria include a minimum forest land size of 25 hectares, and landowners must harvest a certain percentage of the land. Pursuant to the *Taxation (Rural Area) Regulation*, a different tax rate is assigned to each property classification. Land and property under the Class 7 Managed Forest Land is assigned a rate of C\$0.46 per C\$1,000 of actual land value. The Class 5 Light Industry, defined as property used or held for extracting, manufacturing or transporting products, represents the most applicable alternative land classification for forestland if the province did not designate a separate classification solely for forestland. Class 5 properties have a rate of C\$3.10 per C\$1,000 of actual land value.⁶⁶

18. CleanBC Industry Fund

The CleanBC Industry Fund, which is part of the CleanBC Program for Industry and administered by the BC Ministry of Environment and Climate Change Strategy's Climate Action Secretariat, encourages industrial operations in BC to reduce GHG emissions by funding emission reduction projects with carbon tax revenue. The program directs a portion of the provincial carbon tax paid by industrial emitters to the companies that meet emissions reporting requirements under the *Greenhouse Gas Industrial Reporting and Control Act*. Large industrial operations with facilities that emit more than 10,000 tons of carbon dioxide per year are eligible. The program provides up to 50 percent of eligible project costs, up to C\$8 million. Recipients must contribute at least 25 percent of the costs of the project to be eligible for funding.⁶⁷

⁶⁴ See *Lumber V Second Review Final Results* IDM at 23; see also *Lumber V Third Review Final Results* IDM at 24; *Lumber V Fourth Review Final Results* IDM at 14; *Lumber V Fifth Review Final Results* IDM at 14; and *Lumber V Sixth Review Final Results* IDM at 11.

⁶⁵ The program is also known as the Property Tax Program for Private Forest Land.

⁶⁶ See *Lumber V Second Review Final Results* IDM at 23.

⁶⁷ See *Lumber V Third Review Final Results* IDM at 16; see also *Lumber V Fourth Review Final Results* IDM at 11.

19. BCAA Section 9 Closure Allowance

The *Prescribed Classes of Property Regulation* provides nine class designations for which BCAA designates property pursuant to the *Assessment Act*. Class 4 Major Industry properties consist of land used in the operations of industrial improvements. There are 11 divisions of industrial facilities within Class 4 properties, including sawmills and pulp and paper mills. Section 9 of the *Depreciation Regulation* governs depreciation rates and methodology for Class 4 major industrial plants and industrial improvements that have closed during the past year. The closure allowance provided under Section 9 allows industrial plants and improvements that have shut down in the previous year to be depreciated by 90 percent regardless of actual age, in contrast to industrial plants and improvements that remain operational and are not eligible for depreciation.⁶⁸

20. BC Provincial Sales Tax Rebate on Select Machinery and Equipment (BCPRME)

Under the *Provincial Sales Tax Rebate on Select Machinery and Equipment B.C. Reg. 78/2021*, the GOBC provided provincial sales tax refunds on qualifying purchases and leases of machinery and equipment to corporations. Under the BCPRME, administered by the Ministry of Finance, corporations could apply to receive refunds of provincial sales tax paid between September 17, 2020, and March 31, 2022, on purchases and leases of machinery and equipment that were considered capital assets (*i.e.*, an asset that could be capitalized for accounting purposes) until October 3, 2022.⁶⁹

Programs Administered by the Government of Manitoba (GOM)

1. SR&ED – GOM

SR&ED – GOM, also known as the Research and Development Tax Credit is administered by the CRA. The GOM provides a tax credit of 20 percent of all eligible research and development expenditures to corporations with a permanent establishment in Manitoba. The Manitoba *Income Tax Act* defines eligible expenditures and provides the authority for the tax credit. Credits may be carried forward for 20 years and carried back for three years. Additionally, if the credit cannot be applied against taxes payable, 50 percent of the credit is refundable, with the remainder being eligible to be carried forward.⁷⁰

2. Manufacturing and Processing Tax Credit

Manitoba's Manufacturing Investment Tax Credit (MITC) provides corporations with a 10 percent tax credit on purchases of qualified property to be used for manufacturing or processing that can be applied against corporate income tax payable in the year earned. Unused credits are eligible to be carried forward for 10 years and carried back three years. Furthermore, since 2013 this credit is 80 percent refundable. The MITC is administered by the CRA on behalf of the GOM. The Manitoba *Income Tax Act* provides for the MITC and defines qualifying property as property that is to be

⁶⁸ See *Lumber V Third Review Final Results* IDM at 24.

⁶⁹ See *Lumber V Sixth Review Final Results* IDM at 12.

⁷⁰ See *Lumber V Final Determination* IDM at 16.

used by the corporation in Manitoba primarily for the manufacturing or processing goods for sale or lease.⁷¹

Programs Administered by the GONB

1. New Brunswick Provision of Silviculture Grants

The *Crown Lands and Forest Act* specifies silviculture activities that qualify for reimbursement under a licensee's applicable Forest Management Agreement (FMA), including site preparation, pre-commercial thinning, planting, and plantation cleaning. The GONB reimburses licensees at pre-established rates for the activities.⁷²

2. New Brunswick License Management Fees (LMF)

Companies can receive payments in the form of LMFs from the GONB for non-silviculture activities required as part of their FMA for their license to harvest Crown-origin standing timber. Under the terms of its FMA, a company is obligated to perform certain management activities and reimbursed for the costs associated with these activities. The reimbursements are provided on a flat fee basis per cubic meter of standing timber harvested from the Crown land for which the company is a licensed tenure-holder. These payments are described as reimbursement for the responsibilities that companies undertake as the license holder. These responsibilities are outlined in the FMA, and they include road maintenance and construction costs, as well as the costs of administering all forestry-related activities, including submitting scale information (*i.e.*, reporting the volume harvested) to the GONB and conducting all invoicing of the sub-licensees on behalf of the GONB. The GONB establishes the rate at which it reimburses the company.⁷³

3. Financial Assistance to Industry Program (FAIP) – Payroll Rebate Grant

The FAIP provides funding from the GONB for viable capital expenditures, working capital, and workforce expansion to enable the establishment, expansion, or maintenance of companies in eligible industries. Assistance may be provided in the form of a loan guarantee, direct loan, payroll rebate, or non-repayable contribution. The payroll rebate program provides rebates on a percentage of salaries. The FAIP was previously administered by New Brunswick's Department of Economic Development. In April 2015, the former Invest NB and the Department of Economic Development were merged into Opportunities New Brunswick, a Crown corporation, pursuant to the *Opportunities New Brunswick Act*. Eligible industries include six priority sectors, although other industries may also receive assistance under the program. The priority sectors include value-added

⁷¹ *Id.*

⁷² *Id.* at 12; see also *Lumber V First Review Final Results* IDM at 17; *Lumber V Second Review Final Results* IDM at 14; *Lumber V Third Review Final Results* IDM at 16; *Lumber V Fourth Review Final Results* IDM at 12; and *Lumber V Fifth Review Final Results* IDM at 11.

⁷³ See *Lumber V Final Determination* IDM at 12; see also *Lumber V First Review Final Results* IDM at 17; *Lumber V Second Review Final Results* IDM at 14; *Lumber V Third Review Final Results* IDM at 17; *Lumber V Fourth Review Final Results* IDM at 11; and *Lumber V Fifth Review Final Results* IDM at 11.

food, value-added wood, industrial fabrication, aerospace and defense, information & communications technology, and biosciences.⁷⁴

4. New Brunswick Workforce Expansion Program – One Job Pledge

The GONB reported that this program is administered under the Employment and Continuous Learning Services Branch of the GONB’s Department of Post-Secondary Education, Training, and Labour. The One Job Pledge aspect of the New Brunswick Workforce Expansion Program provides financial assistance to eligible New Brunswick businesses in the form of wage subsidy rebates for new hires that are recent post-secondary graduates. The employer must create a new position for the new hire and must demonstrate that such a position would be sustainable after one year.⁷⁵

5. New Brunswick Workforce Expansion Program – Youth Employment Fund

The Youth Employment Fund was launched in April 2015 pursuant to the *Employment Development Act* and provides an entry point to long term employment for unemployed individuals between 18-29 years of age, who are then matched with eligible employers for a 26-week work experience. Under the program, which is administered by the Department of Post-Secondary Education, Training, and Labour, 100 percent of the employee’s minimum wage for 30 hours a week will be paid to employers participating in the program.⁷⁶

6. New Brunswick Large Industrial Renewable Energy Purchase Program (LIREPP)

The New Brunswick Department of Energy and Resource Development and New Brunswick Power (NB Power), a Crown corporation, administers the LIREPP pursuant to the *Electricity from Renewable Resources Regulation* and with authority under the *Electricity Act*. The program has two main objectives to: (1) reach NB Power’s mandate to supply 40 percent of its electricity from renewable sources by 2020 by buying energy from large industrial customers; and (2) bring large industrial enterprises’ net electricity costs in line with the average cost of electricity in other provinces.

The LIREPP is available to any large industrial company that produces renewable energy and owns and operates a facility that has an electrical energy requirement of not less than 50 Gigawatt hours (GWh) per year, that obtains all or a portion of its electricity on a firm basis (vs. interruptible basis) from NB Power, and that exports at least 50 percent of its primary products to another province or territory within Canada or outside the country.⁷⁷

⁷⁴ See *Lumber V Final Determination* IDM at 13.

⁷⁵ *Id.*; see also *Lumber V First Review Final Results* IDM at 18.

⁷⁶ See *Lumber V Final Determination* IDM at 13.

⁷⁷ *Id.* at 16; see also *Lumber V First Review Final Results* IDM at 29; *Lumber V Second Review Final Results* IDM at 14-15; *Lumber V Third Review Final Results* IDM at 17; *Lumber V Fourth Review Final Results* IDM at 11; and *Lumber V Fifth Review Final Results* IDM at 11.

7. New Brunswick R&D Tax Credit

This program provides a credit against GONB provincial taxes equal to 15 percent of eligible expenditures to carry out experimental development, applied research and basic research work, to any corporate or individual business taxpayers in New Brunswick. The objective of the program is designed to mirror the operation of the federal Scientific Research and Experimental Development Tax Incentive Program, and both programs are administered by the CRA. The provision of the credit is authorized under section 59 of the *New Brunswick Income Tax Act*. The credit is fully refundable; therefore, if the corporation did not owe provincial taxes, it can receive the credit in the form of a refund. Furthermore, because the credit is fully refundable, the eligible company receives the credit regardless of whether it has a tax obligation to which it can apply the credit (*i.e.*, regardless whether the company owes the GONB provincial tax).⁷⁸

8. GONB Gasoline & Fuel Tax Exemptions and Refund Program

Administered by the Revenue Administration Division of New Brunswick's Department of Finance pursuant to the *Gasoline and Motive Fuel Tax Act*, this program provides users with the option of receiving point-of-sale tax exemptions or applying for refunds of taxes paid for gasoline and motive fuel for consumers operating vehicles and equipment on non-public highways. Use of the program is limited to certain categories of consumers, including aquaculturists, farmers, silviculturists, producers of electricity for sale, persons consuming fuel in the preparation of food, lighting and heating of premises or heating of domestic hot water, wood producers, forest workers, manufacturers, mining or quarrying operators, and registered vessels operators.⁷⁹

9. Innov8

Launched in 2013, the Innov8 program (formerly known as the Technical Adoption and Commercialization Program) allows companies and the GONB to share costs associated with developing intellectual property, specialized software, hardware, equipment, or performing research and development or prototyping. Funding is available only to those projects that fall under Priority Growth sectors, which include the value-added wood sector.⁸⁰

10. New Brunswick Property Tax Incentives for Private Forest Producers

Property owners in New Brunswick pay property taxes based on the GONB's assessed value of the property in accordance with the *New Brunswick Assessment Act*. Specifically, section 15 of the *New Brunswick Assessment Act* stipulates that, in general, all real property shall be assessed at its real and true value as of January 1st of the year for which the assessment is made. However,

⁷⁸ See *Lumber V Final Determination* IDM at 16-17; see also *Lumber V First Review Final Results* IDM at 29; and *Lumber V Second Review Final Results* IDM at 25; *Lumber V Third Review Final Results* IDM at 24; *Lumber V Fourth Review Final Results* IDM at 16; and *Lumber V Fifth Review Final Results* IDM at 15-16.

⁷⁹ See *Lumber V Final Determination* IDM at 17; see also *Lumber V First Review Final Results* IDM at 30; *Lumber V Second Review Final Results* IDM at 25; *Lumber V Third Review Final Results* IDM at 25; *Lumber V Fourth Review Final Results* IDM at 16; and *Lumber V Fifth Review Final Results* IDM at 15.

⁸⁰ See *Lumber V Expedited Review Final Results* IDM at 6.

section 17(2) of the *New Brunswick Assessment Act* also states that all land holdings classified as freehold timberland are to be assessed at a rate of C\$100 per hectare.⁸¹

11. Subsidies Provided by Opportunities New Brunswick

This program was created to continue the economic development initiatives pursued by the Miramichi Regional Economic Development Innovation Fund. The funding for the latter expired in 2015 and new funding was approved under Opportunities New Brunswick until 2021. This program is focused on continuing to support economic opportunities in the Miramichi region by allocating funding to support new initiatives that can help diversify the local economy and create new jobs. The focus areas for funding are: Growth and Development Capital; Adoption of Information and Communication Technology; Research and Development; Improving Strategic Infrastructure; and Advanced Workforce Development. Under the program, an enterprise may receive up to C\$500,000 in funding towards the project.⁸²

12. New Brunswick Department of Trade and Infrastructure (DTI) Settlement

In 2017, DTI announced plans to close a road used to transport lumber by J.D. Irving, Limited (JDIL). JDIL had assisted with constructing and repairing the road under a 2008 agreement with DTI. When DTI announced the road closure, the GONB provided a reimbursement to JDIL as compensation for the costs JDIL incurred building the road.⁸³

Program Administered by the Government of Nova Scotia (GONS)

1. Nova Scotia Provision of Silviculture Grants

Under its silviculture program, the GONS provides funding for specific silviculture work to Registered Buyers (*i.e.*, entities that acquire more than 5,000 cubic meters of wood per year from private forestlands in Nova Scotia) which enter into a Forest Sustainability Agreement with the GONS' Department of Lands and Forestry (DLF). Under the agreement, the Registered Buyer submits invoices and claim forms to the DLF to document the silviculture work that was performed, and the DLF reimburses the company for eligible expenses.⁸⁴

Programs Administered by the Government of Ontario (GOO)

1. SR&ED – GOO

Under Ontario's SR&ED program, a qualifying corporation (*i.e.*, one with a permanent establishment in the province) can claim a non-refundable tax credit on eligible scientific research and experimental development expenditures (*e.g.*, salary and wages, materials, overhead, and

⁸¹ *Id.* at 9; see also *Lumber V First Review Final Results* IDM at 30; *Lumber V Second Review Final Results* IDM at 25; *Lumber V Third Review Final Results* IDM at 25; *Lumber V Fourth Review Final Results* IDM at 16; and *Lumber V Fifth Review Final Results* IDM at 15.

⁸² See *Lumber V First Review Final Results* IDM at 18.

⁸³ See *Lumber V Second Review Final Results* IDM at 15.

⁸⁴ See *Lumber V First Review Final Results* IDM at 18; see also *Lumber V Second Review Final Results* IDM at 15; *Lumber V Fourth Review Final Results* IDM at 12; and *Lumber V Fifth Review Final Results* IDM at 11.

contracts) performed in Ontario to reduce the corporation's income tax payable. The SR&ED tax credit is administered by the CRA, a federal agency, on behalf of the GOO.⁸⁵

2. Ontario Tax Credit for Manufacturing and Processing (OTCMP)

Provided under the *Ontario Taxation Act 2007*, the OTCMP supports activity in manufacturing and processing, farming, fishing, logging, and mining, as well as the generation of electrical energy for sale, or the production of steam for sale. During 2017 and 2018, OTCMP tax credit rate was 1.5 percent and the corporate tax rate was 11.5 percent. The OTCMP effectively reduced the Ontario corporate income tax rate on a corporation's income to 10 percent.⁸⁶

3. TargetGHG Industrial Demonstration Program

Designed in 2016, under Ontario's climate change action plan, TargetGHG helped the province meet its 2020 GHG reduction targets. TargetGHG, established through an agreement between the GOO and the Ontario Centres of Excellence (OCE), is an independent, not-for-profit organization. The GOO provided funding to the OCE for the administration of the program. TargetGHG encouraged Ontario-based large industrial emitters, working with technology solution providers, to adopt and implement technologies to reduce their emissions and demonstrate the potential of those solutions for the broader marketplace. To each project, a maximum of C\$5 million can be granted and the funding recipient was the industrial emitter.⁸⁷

4. GOO Debt Forgiveness for Resolute FP Canada (Resolute) – Fort Frances Mill

In 2007, under the Ontario Forest Sector Prosperity Fund, Resolute's pre-bankruptcy predecessor, Abitibi Bowater Inc., and its wholly owned affiliate, Bowater Canadian Forest Products Inc. (together, Abitibi-Bowater), were approved for a C\$22.5 million grant under a Conditional Funding Agreement (CFA) for the construction of a biomass co-generation plant at the Fort Francis pulp and paper mill. The funding was conditional on the continuous operation of the mill for at least three years after the final grant disbursement, which was in March 2012. In May 2014, Resolute permanently closed the mill. Pursuant to the terms of the CFA, in October 2014, the Ministry of Natural Resources and Forestry of Ontario directed Resolute to repay the full amount of the grant. On June 29, 2017, through a Settlement and Release Agreement between Resolute and the GOO, Resolute was not required to repay the C\$22.5 million debt it owed to the Ontario government. There was a forgiveness of money owed when Resolute broke the terms of the CFA with the GOO.⁸⁸

5. Independent Electricity System Operator (IESO) Demand Response

IESO is a government-designated independent system operator that operates Ontario's electricity grid, administers the region's wholesale electricity markets, and provides reliability planning for

⁸⁵ See *Lumber V First Review Final Results* IDM at 30.

⁸⁶ *Id.* at 31.

⁸⁷ *Id.* at 19; see also *Lumber V Second Review Final Results* IDM at 16; and *Lumber V Third Review Final Results* IDM at 18.

⁸⁸ See *Lumber V First Review Final Results* IDM at 34; see also *Lumber V Second Review Final Results* IDM at 27; and *Lumber V Third Review Final Results* IDM at 27.

the region's bulk electricity system. IESO, an agency of the Ontario Ministry of Energy, was created and its activities are governed by the *Electricity Act of 1998*. IESO administers the Demand Response (DR) program, whereby firms alter their electricity consumption patterns in exchange for availability payments. The purpose of the procurement of DR capacity is to ensure the reliability planning for the region's bulk electricity system by reducing the overall regional demand for electricity in response to IESO's reliability mandate.⁸⁹

6. GOO's Provision of IESO Industrial Electricity Incentives

IESO provides rebates to companies for meeting various contractual obligations to conserve energy, including energy operating, management, and metering plans. Recipients are limited to large industrial customers, including those classified under North America Industry Classification System code 321110 Sawmills and Wood Preservation.⁹⁰

7. GOO Purchase of Electricity for More Than Adequate Remuneration (MTAR) under Combined Heat and Power III Purchase Power Agreements

Electricity providers that can produce renewable energy, such as biomass producers, sell biomass-cogenerated electricity to the Ontario power grid operated by IESO, for more than adequate remuneration.⁹¹

8. IESO Retrofit

Implemented in 2015, the Retrofit is an electricity conservation program through which the IESO reimburses a portion of the cost of electrical efficiency upgrades that will reduce electricity consumption at commercial spaces, industrial facilities, institutional buildings, multi-family residential buildings, and agricultural facilities. Projects eligible for financial assistance under the Retrofit are those that provide sustainable and measurable reductions in peak electricity demand and consumption.⁹²

9. Ontario Forest Roads Funding Program (OFRFP)

As part of forest management operations, companies have agreements with the GOO to maintain certain eligible roads identified in the Forest Management Plan (FMP) on behalf of the Crown under the OFRFP. Specifically, harvesters of Crown timber incur obligatory road costs in order to meet a wide variety of provincial road construction and maintenance obligations. As part of the agreement, grant payments are made under the OFRFP as partial reimbursement for constructing

⁸⁹ See *Lumber V First Review Final Results* IDM at 18; see also *Lumber V Second Review Final Results* IDM at 15; *Lumber V Third Review Final Results* IDM at 17; and *Uncoated Groundwood Paper Final Determination* IDM at 14.

⁹⁰ See *Lumber V First Review Final Results* IDM at 18-19; see also *Lumber V Second Review Final Results* IDM at 15-16; *Lumber V Third Review Final Results* IDM at 17; and *Uncoated Groundwood Paper Final Determination* IDM at 14.

⁹¹ See *Lumber V First Review Final Results* IDM at 33; see also *Lumber V Second Review Final Results* IDM at 21; *Lumber V Third Review Final Results* IDM at 27; and *Uncoated Groundwood Paper Final Determination* IDM at 18 (program name "GOO Purchase of Electricity for MTAR").

⁹² See *Lumber V Second Review Final Results* IDM at 16.

and maintaining certain eligible roads. Recipients of the grants are limited to companies which have approved FMPs.⁹³

Programs Administered by the Government of Québec (GOQ)

1. Purchase of Electricity for MTAR under Purchase Power Program (PAE) 2011-01

Hydro-Québec is engaged in the generation of power from hydroelectric sources and the transmission, distribution, and sale of such power to wholesale and retail customers in Québec. Hydro-Québec has two separate, independent divisions: Hydro-Québec Production, which generates electricity to supply to the market and buys and sells electricity for its own account; and Hydro-Québec Distribution, which is responsible for the supply of electricity to customers in Québec. Under the PAE 2011-01, Hydro-Québec Distribution purchases electricity generated from biomass at a set contractual price.⁹⁴

2. Property Tax Refund for Forest Producers on Private Woodlands in Québec

Implemented in 1985 and administered by Revenu Québec, this property tax refund supports landowners investing in forest management on private lands. Private forest producers who are certified under the *Sustainable Forest Development Act* (SFDA) and hold a certificate issued from the Ministry of Forests, Wildlife and Parks (MFFP) can apply for a refund equal to 85 percent of the amount of property taxes paid in respect to each unit of assessment. Private forest producers are eligible for the property tax refund to the extent that the development expenses incurred for investment in forest management are greater than or equal to the amount of property taxes paid.⁹⁵

3. Credits for the Construction and Major Repair of Public Access Roads and Bridges in Forest Areas

Revenu Québec permits corporations that incurred expenses for the construction or major repair of eligible access roads or bridges in public forest areas to claim a refundable tax credit for a portion of the expenses on their income tax returns.⁹⁶

4. SR&ED – GOQ

Established in 1983, the SR&ED tax credit is designed to stimulate R&D by providing tax credits for salaries and wages for R&D work. If a taxpayer carries on a business in Canada and carries out R&D, or has R&D carried out on its behalf, in Québec, the taxpayer can claim a tax credit for the salaries and wages, or for the consideration paid in Québec. The rate for these tax credits is 30 percent for small and medium businesses (SMBs) and 14 percent for large corporations. SMBs and

⁹³ See *Lumber V First Review Final Results* IDM at 19; see also *Lumber V Second Review Final Results* IDM at 16; *Lumber V Third Review Final Results* IDM at 18; and *Uncoated Groundwood Paper Final Determination* IDM at 14.

⁹⁴ See *Lumber V Final Determination* IDM at 18; see also *Lumber V First Review Final Results* IDM at 33; *Lumber V Second Review Final Results* IDM at 27; and *Lumber V Third Review Final Results* IDM at 27.

⁹⁵ See *Lumber V Expedited Review Final Results* IDM at 9; see also *Lumber V First Review Final Results* IDM at 31.

⁹⁶ See *Lumber V Final Determination* IDM at 17; see also *Lumber V First Review Final Results* IDM at 31; and *Lumber V Second Review Final Results* IDM at 26.

large corporations can claim R&D tax credits for eligible expenditures over C\$50,000 and C\$225,000, respectively.⁹⁷

5. Partial Cut Investment Program (PCIP)

Introduced in 2013, the PCIP reimburses harvesters for up to 90 percent of the increased costs associated with the MFFP mandate that certain areas be harvested applying a partial cut (*i.e.*, removing less than 50 percent of the volume of a stand). As indicated in the framework, the PCIP is intended for the forestry sector. Eligibility for the program is limited to Timber Supply Guarantee (TSG) holders; buyers on the open market; local forest delegates; forestry companies; and holders of forestry permits stipulated in section 73 of the SFDA.⁹⁸

6. MFFP Educational Grant: Forest Industry Support

On October 18, 2006, the GOQ approved the Forest Industry Support Program by Order 946-2006. This program, administered by the MFFP, assists forest industry promoters and companies in setting up projects by supporting market surveys, feasibility studies, mill diagnoses, and business plans. Entities eligible for assistance are cooperatives associated with a wood processing enterprise, Québec promoters and enterprises or a combination of such enterprises from the primary and secondary/tertiary wood processing industry, the primary and secondary/tertiary pulp and paper processing industry, and the uses of forest biomass in the setup of a project.⁹⁹

7. Immigrant Investor Program

On June 8, 2000, the GOQ approved the Immigrant Investor Program by Order 701-2000. The program is aimed at the economic development of Québec by providing financial assistance to Québec businesses by using income generated through investments made by immigrant investors. The program is administered by IQ Immigrants Investisseurs Inc., a subsidiary of a government corporation, Investissement Québec (IQ).¹⁰⁰

8. Tax Credit for an On-the-Job Training Period

In 1994, the GOQ established a tax credit for on-the-job training to encourage businesses to hire trainees to improve their professional skills. A corporation that hires a student or an apprentice, enrolled in a qualified training program, can claim a tax credit at a rate of 24 percent for: (1) the salary or wages paid to the student or apprentice; and/or (2) the salary or wages paid to an employee for the hours devoted to supervision of the students and apprentices. This tax credit can be refundable or non-refundable.¹⁰¹

⁹⁷ See *Lumber V Final Determination* IDM at 17; see also *Lumber V First Review Final Results* IDM at 32; *Lumber V Second Review Final Results* IDM at 25; and *Lumber V Third Review Final Results* IDM at 25.

⁹⁸ See *Lumber V Final Determination* IDM at 13; see also *Lumber V First Review Final Results* IDM at 19; *Lumber V Second Review Final Results* IDM at 16; *Lumber V Third Review Final Results* IDM at 18; and *Canada N315* at 50.

⁹⁹ See *Lumber V Expedited Review Final Results* IDM at 7.

¹⁰⁰ *Id.*

¹⁰¹ *Id.* at 10; see also *Lumber V Third Review Final Results* IDM at 25.

9. City of Sainte-Marie Municipal Financial Assistance

Pursuant to paragraph 92.1 of the *Municipal Power Act*, the City of Sainte-Marie, Québec provides financial support to occupants that meet two criteria: (1) be the owner of an immovable property other than a residence; and (2) operate a private sector business. The assistance is a tax refund in the amount of municipal taxes paid to the City of Sainte-Marie. Specifically, the tax refund is equal to the “Welcome Tax” (*i.e.*, the tax charged to a new occupant upon acquisition of property) owed to the City of Sainte-Marie.¹⁰²

10. PLTC – Québec

Taxpayers in Canada generally pay provincial and federal income taxes on their income. However, taxpayers in the forestry industry are also subject to provincial logging taxes based on their logging income, in addition to the provincial and federal income taxes on their total income. Revenue Québec separately maintains a logging tax equal to 10 percent of the taxpayer’s net income tax on net logging income if their net income for that year is more than C\$10,000. A portion of the tax (one third) is rebated through a credit against income tax owed to the GOQ, and the remainder (two thirds) is rebated through a credit against income tax owed to the GOC using the FLTC (*see* GOC section above). The FLTC and Québec’s PLTC fully reimburse the respective taxpayer’s net income tax on net logging income thus reducing the taxpayer’s provincial logging tax to zero.¹⁰³

11. MPPD – Q

The MPPD-Q program, implemented June 4, 2014, provides a reduction of the general tax rate for manufacturing corporations to improve the competitiveness of small and medium-sized enterprises (SME) in Québec. An SME whose manufacturing and processing activities account for more than 25 percent of its total activities may claim up to a four percent tax reduction under the MPPD-Q program. However, for the initial tax year that this program was in place (tax year 2014), the maximum reduction was two percent.¹⁰⁴

12. Additional Deduction for Transportation Costs of Remote Manufacturing SMEs

Introduced by the GOQ in 2014, this program takes into consideration the higher transportation costs associated with the remoteness of certain zones from Québec’s large urban centers and allows certain remote manufacturing SME’s to claim a tax deduction. The rate of the additional deduction a company can claim for a taxation year is one percent for “central zones,” three percent for “intermediate zones,” five percent for “remote zones” and seven percent for “special remote zones.” The rates are applicable on the company’s gross income and are subject to caps which vary based on regions.¹⁰⁵

¹⁰² See *Lumber V Expedited Review Final Results* IDM at 10.

¹⁰³ *Id.* at 10-11.

¹⁰⁴ *Id.* at 11.

¹⁰⁵ *Id.*

13. Economic Diversification Fund for the Centre-du-Québec and Mauricie Regions

The GOQ established this Economic Diversification Fund (the Fund) via Decree 379-2013 of April 10, 2013, to promote the start-up and development of innovative enterprises and forward-looking industries in the center of Québec and Mauricie regions. Under the Fund, which had a C\$200 million budget for the five-year period April 2013 – March 2018, financial assistance in the form of loans, loan guarantees, equity investments, and grants was provided. The Fund is administered by the Ministry of Economy, Science, and Innovation (MESI), a provincial government ministry, and IQ, a government corporation. MESI, which conducts an eligibility assessment of applicants, evaluates non-investment projects (*e.g.*, product or business development) and grant requests; IQ is responsible for evaluating projects when financial intervention is directed toward an investment project and makes disbursements under the Fund.¹⁰⁶

14. Working Capital and Investment Fund Program (RENFORT)

The RENFORT program was approved by the Council of Ministers (Order in Council 1139-2008) on December 10, 2008. RENFORT was established to authorize IQ to provide financial support in the form of loans or loan guarantees to companies that encountered difficulty obtaining financing in the wake of the financial crisis in late 2008. The program had an initial budget of C\$1 billion.¹⁰⁷

15. Project Financing (UNIQ)

On January 11, 2011, IQ established the UNIQ, a project financing program, to support the economic development of Québec by providing financial intervention to commercial enterprises in the form of loan guarantees, guarantee of a financial commitment, long-term loan and equity loan, non-convertible debenture and subordinated debt.¹⁰⁸

16. Investment Program in Public Forests Affected by Natural or Anthropogenic Disturbances

The Investment Program in Public Forests Affected by Natural or Anthropogenic Disturbances, implemented in October 2014, allows for the performance of special interventions by Québec's MFFP when a natural or anthropogenic disturbance causes significant destruction of the forest, such as fire, wind-throw, or insect epidemics (*i.e.*, budworm), which increase the unit cost of harvesting because of the reduced per-hectare salvageable volume. Under the program, harvesters are compensated for the additional costs associated with performing salvage operations to preserve the health of the forest.¹⁰⁹

In prior reports, the incentive for harvesting areas infested by spruce budworm was included under “Subsidies Identified in *Uncoated Groundwood Paper*” with the program title “Investment

¹⁰⁶ *Id.* at 12.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ See *Lumber V First Review Final Results* IDM at 21; see also *Lumber V Second Review Final Results* IDM at 18; and *Lumber V Third Review Final Results* IDM at 20.

Program in Public Forests Affected by Natural or Anthropogenic Disturbance – Incentives for Harvesting Areas Infested by Spruce Budworm.”¹¹⁰

17. Electricity Discount Program Applicable to Consumers Billed at Rate L

Under the March 2016 Québec Economic Plan, the GOQ implemented an electricity rate discount to encourage large industrial power consumers (*i.e.*, Rate L customers) to undertake eligible investments to reduce electricity demand through improved efficiency and productivity, to make use of production assets otherwise in disuse, and reduce GHG. Rate L applies to an annual contract with Hydro-Québec where the minimum billing demand is 5,000 kilowatts or more. Companies billed at Rate L that carry out eligible investment projects can receive assistance in the form of reduced electricity costs in their establishments. The reduced electricity costs allow for the reimbursement of up to 50 percent of the eligible costs of an investment.¹¹¹

18. Hydro-Québec’s New Demand-Side Management Program

The Gestion de la demande de puissance, as known as the GDP, is a demand response program. Under the GDP, commercial, institutional, and small and medium-sized companies are encouraged to reduced power demand during the winter peak demand periods. In exchange for curtailing power demand during the winter, Hydro-Québec provides to those electricity consumers grants in proportion to their power reduction.¹¹²

19. Program Innovation Bois (PIB)

The March 2016 Québec Economic Plan announced budget allocations of \$22.5 million, over a five-year period, for the implementation of the PIB (also known as, the Wood Innovation Program) which is administered by MFFP. The program is open to companies registered in Québec that use or intend to use wood or wood biomass to develop or produce a new innovative product, develop or install a new transformation process, or build a pilot or demonstration plant to demonstrate a new technology’s feasibility.¹¹³

20. Multi-Resource Road Cost Reimbursement Program (MCRP)

The MCRP, implemented on April 1, 2016, and administered by MFFP, provides reimbursements of up to 90 percent of the costs of construction, improvement, and repairs of multi-use public access roads in forest areas. Eligibility for the program is limited to supply guarantee holders,

¹¹⁰ See *Uncoated Groundwood Paper Final Determination* IDM at 15.

¹¹¹ See *Lumber V First Review Final Results* IDM at 22; see also *Lumber V Second Review Final Results* IDM at 19; and *Lumber V Third Review Final Results* IDM at 20.

¹¹² See *Lumber V First Review Final Results* IDM at 23; see also *Uncoated Groundwood Paper Final Determination* IDM at 14.

¹¹³ See *Lumber V First Review Final Results* IDM at 23; see also *Lumber V Second Review Final Results* IDM at 17; and *Lumber V Third Review Final Results* IDM at 21.

buyers of timber on the open market, holders of a forestry permit stipulated in section 73 of the SFDA, Rexforet, and holders of an over-the-counter contract for timber.¹¹⁴

21. Refund of Fuel Tax Paid on Fuel Used for Certain Purposes and Stationary Purposes

Revenu Québec provides refunds of fuel taxes paid under two elements. The first element, Certain Purposes, allows businesses to receive a refund of the taxes paid on fuel used to operate motor vehicles used for farming, forest, or mining operations on private land or roads. The second element, Stationary Purposes, provides a tax refund for fuel required to operate the stationary equipment of a vehicle (*i.e.*, power shovels, cranes, drilling machines) used for commercial or public purposes.¹¹⁵

22. Rexforêt Silviculture Works: Road Construction/Maintenance

Rexforêt, a Crown corporation, enters into reimbursement contracts with timber companies for the construction and maintenance of roadwork in Québec's public forest to allow Rexforêt staff access to forest tracts where silvicultural work is performed.¹¹⁶

23. Hydro-Québec Interruptible Electricity Option (IEO)

Hydro-Québec is a state-owned utility, whose sole shareholder is the GOQ. Hydro-Québec is mandated to supply power and to pursue energy conversion and conservation; as part of this mandate, it operates the Hydro-Québec IEO, which is designed to help Hydro-Québec meet increased power requirements during the winter period (*i.e.*, December 1 to March 31). All participants in this program must be able to curtail power on demand, or risk penalties assessed by Hydro-Québec. According to the GOQ, power curtailment allows Hydro-Québec to “free{ } the connections with nearby networks, reducing the need for short-term markets and making it possible to act within two hours to ensure reliable management of the power capacity balance.” As payment for complying with Hydro-Québec interruption notices, the participants receive certain fixed and variable credits for the winter period.¹¹⁷

24. Paix des Braves

In 2002, the GOQ and the Cree Nation of Québec established an agreement (*i.e.*, the Agreement Respecting a New Relationship Between the Cree Nation and the GOQ (the Agreement)) requiring forestry companies to conduct certain additional harvesting activities on “Paix des Braves” territories covered by the Agreement. Specifically, when harvesting on the territories covered by this agreement, forestry companies are required to perform the following additional activities: (1) build additional roads; (2) cut in a patchwork of smaller blocks (*i.e.*, mosaic cutting); and (3)

¹¹⁴ See *Lumber V First Review Final Results* IDM at 23; see also *Lumber V Second Review Final Results* IDM at 18; and *Lumber V Third Review Final Results* IDM at 21.

¹¹⁵ See *Lumber V First Review Final Results* IDM at 32; see also *Lumber V Second Review Final Results* IDM at 26; and *Lumber V Third Review Final Results* IDM at 26.

¹¹⁶ See *Lumber V First Review Final Results* IDM at 23-24.

¹¹⁷ *Id.* at 22; see also *Lumber V Second Review Final Results* IDM at 19; *Lumber V Third Review Final Results* IDM at 20; and *Uncoated Groundwood Paper Final Determination* IDM at 15.

perform certain other activities as defined by Chapter 3 of the SFDA. In order for forestry companies to maintain their activities on these lands in spite of the increased costs, the GOQ initiated a program in 2015 which provides partial compensation to offset these costs (*i.e.*, costs not already covered by Section 120 of the SFDA) incurred when complying with the Agreement.¹¹⁸

25. Emploi-Québec Grants

Emploi-Québec is a department within the GOQ's Ministry of Work, Employment and Social Solidarity and is responsible for administering worker training grants under the Workforce Skills Development and Recognition Fund (FDRCMO) and the Manpower Training Measure (MFOR). FDRCMO funds projects related to skills development, primarily through French language courses. MFOR supports skill development for workers at risk of losing their jobs and to support low-skilled workers who want to improve basic training.¹¹⁹

26. Hydro-Québec's Industrial Systems Program/Energy Efficiency Program

Hydro-Québec is a utility wholly owned by the GOQ and is the sole entity responsible for the administration of the Industrial Systems Program. All of Hydro-Québec's electric energy efficiency programs for industrial businesses are known, collectively, as the Industrial Systems Program. Any individual or corporation that owns, operates, or occupies an industrial building in Québec associated with a goods-producing industry is eligible for the program. The two main components of this Industrial Systems Program are: (1) Retrofit; and (2) the New Plant, Expansion, or Addition of Production Lines. The purpose of the Industrial Systems Program is to reduce the average amount of electricity used per unit of production by the participants.¹²⁰

27. EcoPerformance – MERN (TEQ)/Energy Efficiency Conversion Projects

The ÉcoPerformance program is administered by the GOQ's Ministry of Energy and Natural Resources (MERN). The ÉcoPerformance program was launched in October 2013, to provide financial assistance to businesses, institutions, and municipalities to reduce GHG emissions through the implementation of measures or projects. The applicants must satisfy the following criteria: (1) located in Québec; (2) consume fossil fuel; (3) invest more than 25 percent of project cost in the project; (4) reduce GHG; (5) meet energy rate of return requirements; and (6) respect ISO14064 for quantification of GHG reductions.¹²¹

¹¹⁸ See *Lumber V First Review Final Results* IDM at 20; see also *Lumber V Second Review Final Results* IDM at 17; *Lumber V Third Review Final Results* IDM at 19; and *Uncoated Groundwood Paper Final Determination* IDM at 16.

¹¹⁹ See *Lumber V First Review Final Results* IDM at 20; see also *Lumber V Second Review Final Results* IDM at 17; *Lumber V Third Review Final Results* IDM at 19; and *Uncoated Groundwood Paper Final Determination* IDM at 16.

¹²⁰ See *Lumber V First Review Final Results* IDM at 22; see also *Lumber V Second Review Final Results* IDM at 19; and *Uncoated Groundwood Paper Final Determination* IDM at 16.

¹²¹ See *Lumber V First Review Final Results* IDM at 21; see also *Lumber V Third Review Final Results* IDM at 19; and *Uncoated Groundwood Paper Final Determination* IDM at 16.

28. Hydro-Québec Special L Rate for Industrial Customers Affected by Spruce Budworm

A highly destructive outbreak of the spruce budworm defoliated spruce-fir stands covering over 7 million hectares in Québec. Companies approached the GOQ requesting financial assistance in response to the increased costs required to harvest certain forests affected by this epidemic. In response, the GOQ and industry parties established a fixed rate reduction in electricity rates (*i.e.*, modify Hydro-Québec's L-rate price structure), through Hydro-Québec, to mitigate the increased electricity costs affecting all companies operating in the region.¹²²

29. Research Consortium Tax Credit¹²³

Under the Federal Research Consortium, to enhance funding for non-profit private research centers, the GOQ provides a tax credit for a company's eligible R&D expenditures paid to a research consortium. If a taxpaying corporation conducts business in Canada and is a member of an eligible research consortium, it can claim a tax credit for fees and dues paid to the consortium. The rate for these tax credits is 14 percent for expenditures made with respect to a taxation year starting after December 2, 2014, which can increase to 30 percent for corporations with assets of C\$50 million or less for the previous taxation year. This increased rate is only applicable to the first C\$3 million of qualified expenditures. Corporations with assets of C\$50-75 million and C\$75 million or more in the previous taxation year can claim these tax credits for eligible expenditures over C\$50,000 and C\$225,000, respectively.¹²⁴

30. Tax Credit for the Acquisition of Manufacturing and Processing Equipment in Québec

The GOQ provides a tax credit for investment in manufacturing or processing equipment. This credit was implemented in order to stimulate investments in such equipment and to support certain regions with struggling economies. To qualify for the tax credit, property must, among other things, be manufacturing or processing equipment, be hardware used primarily for manufacturing or processing, or have been acquired after March 20, 2012, for purposes of smelting, refining, or hydrometallurgy activities related to ore extracted from a mineral resource located in Canada. Where the qualified property was acquired after December 2, 2014, the tax credit for investment is calculated on the portion of eligible expenses that exceeds C\$12,500. The basic rate of the tax credit for investment is four percent. The rate is increased where the property is acquired to be used primarily in a resource region and based on the size of the business that acquires it.¹²⁵

¹²² See *Lumber V First Review Final Results* IDM at 21; see also *Lumber V Second Review Final Results* IDM at 19; *Lumber V Third Review Final Results* IDM at 20; and *Uncoated Groundwood Paper Final Determination* IDM at 17.

¹²³ This program has also been referred to as "Fees and Dues Paid to a Research Consortium."

¹²⁴ See *Lumber V First Review Final Results* IDM at 32; see also *Lumber V Second Review Final Results* IDM at 26; *Lumber V Third Review Final Results* IDM at 26; *Lumber V Fourth Review Final Results* IDM at 16; *Lumber V Sixth Review Final Results* IDM at 13; and *Uncoated Groundwood Paper Final Determination* IDM at 11.

¹²⁵ See *Lumber V Expedited Review Final Results* IDM at 9; see also *Lumber V Second Review Final Results* IDM at 26; *Lumber V Third Review Final Results* IDM at 25; and *Uncoated Groundwood Paper Final Determination* IDM at 11.

31. Côte-Nord Wood Residue Program

Since July 2017, the Ministry of Forests, Wildlife, and Parks (MFFP) has administered the Côte-Nord Wood Residue Program to improve the profitability of Côte-Nord sawmills and the region's forest industry. The program supports projects to diversify market opportunities for wood residue in the Côte-Nord region; reduce the production of by-products from Côte-Nord sawmills; and reduce the transportation costs of by-products from Côte-Nord sawmills. The program is open to Québec companies that intend to use wood residue from the Côte-Nord region or intend to reduce the production of by-products from Côte-Nord sawmills.¹²⁶

32. Private Forest Development Assistance Program (PAMVFP)

Since the 1970s, the PAMVFP has provided financial and technical assistance to private forest producers to carry out forest management activities in the private forests in Québec. The MFFP and its 17 regional agencies across Québec administer the program which is funded by the government, industry, and forest producers with the majority of the funds provided by the MFFP.

Only certified private forest producers, under section 130 of the SFDA, may use this program. Depending on a regional agency's policies, a payment under the PAMVFP can be made to the certified private forest producer or directly to the accredited forestry advisor, *i.e.*, the entity that performs silviculture on the private forest producer's land.¹²⁷

33. Hydro-Québec's Industrial Revitalization Rate (IRR)

Effective April 1, 2018, Hydro-Québec made a discounted, supplemental electricity rate available to Rate L customers who return to productive use all or part of an industrial plant's unused capacity, or who convert one or more industrial processes to use electricity. Hydro-Québec discloses the terms of the IRR and the electricity savings provided in its "Electricity Rates" annual publication. To be eligible for the IRR, an applicant must have a Rate L contract or become eligible for Rate L with the implementation of the project.¹²⁸

34. Hydro-Québec's Reimbursement for Road Clearing

For forestry roads used by Hydro-Québec and private companies, Hydro-Québec shares the costs of snow removal, clearing, and sandblasting with those companies. Hydro-Québec has reimbursed Resolute for costs of such maintenance performed on certain roads within Resolute's harvesting area in Québec.¹²⁹

35. Investment Program for Forest Management (PIAF)

The PIAF, the successor program to the PCIP, commenced on April 1, 2019. Similar to the PCIP, the PIAF has the objective of implementing strategies for the sustainable management of the public

¹²⁶ See *Lumber V Second Review Final Results* IDM at 18; see also *Lumber V Third Review Final Results* IDM at 21.

¹²⁷ See *Lumber V Second Review Final Results* IDM at 18; see also *Lumber IV 2nd Review Final Results* IDM at Private Forest Development Program.

¹²⁸ See *Lumber V Second Review Final Results* IDM at 20.

¹²⁹ *Id.*; see also *Lumber V Third Review Final Results* IDM at 21.

forest through partial cutting silvicultural treatments. Harvesters are required, when buying Crown stumpage, to harvest according to instructions from the government (*e.g.*, partial cutting) intended to assure forest sustainability to meet future volume demand. Consequently, the Québec government compensates harvesters up to a maximum of 90 percent of the assessed additional harvesting costs.¹³⁰

36. Additional CCA Relating to Manufacturing and Processing Equipment

Revenu Québec permits taxpayers to take an additional deduction for depreciation of qualifying equipment used in manufacturing, processing, or computer-related activities. The qualifying equipment, which must be new and used only in Québec, is property included in Class 50 (general purpose electronic data processing equipment and systems software for that equipment) or Class 53 (machine or equipment acquired primarily for use in manufacturing and processing goods intended for sale or lease) of Schedule B to the regulation respecting the *Taxation Act*.

The rate of the additional deduction is 35 percent for property acquired after March 28, 2017, but before March 28, 2018; 60 percent for property acquired after March 28, 2018, but before December 4, 2018; and 30 percent for property acquired after December 3, 2018. Taxpayers benefit from the additional CCA when calculating their net income for the taxation year in which the property is put into use and the following year.¹³¹

Program Administered by the Government of Saskatchewan (GOS)

1. Manufacturing and Processing Tax Credit (M&P ITC)

Saskatchewan's M&P ITC provides corporations in Saskatchewan with a five percent tax credit on purchases of qualified capital assets, including manufacturing and processing equipment that can be applied against corporate income tax payable in the year earned. It also states that the credit is fully refundable when based on purchases of qualified property after April 2006. The M&P ITC is administered by the CRA on behalf of the GOS.¹³²

2. Saskatchewan R&D Tax Credit

This tax credit program is administered by the CRA on behalf of the GOS and encourages innovative R&D activity within Saskatchewan. Under the program, corporate taxpayers with a permanent establishment in Saskatchewan may claim a tax credit for expenditures on R&D carried out within the province.¹³³

¹³⁰ See *Lumber V Third Review Final Results* IDM at 18.

¹³¹ *Id.* at 26.

¹³² See *Lumber V Final Determination* IDM at 17.

¹³³ See and *Lumber V Fifth Review Final Results* IDM at 16.

Subsidies Identified in *Supercalendered Paper*

Programs Administered by the GONB

1. Financial Assistance to Industry Program (FAIP): Loans

The FAIP provides funding from the GONB to eligible companies with the goal of helping companies establish or maintain their presence within the province. According to the *Economic Development Act*, the legislation that enacted the FAIP, eligible companies may receive various forms of assistance, including in the form of loans. The *Economic Development Act* designates certain industrial, commercial, and business activities that are not eligible for financial assistance under the FAIP, including (a) logging; (b) primary agriculture; (c) primary mining; (d) quarrying; (e) broadcasting; (f) transportation; (g) communications; (h) publishing of news periodicals; (i) generation of electricity; (j) retail trade; (k) food catering; (l) warehousing; and (m) provision of personal services.¹³⁴

2. Northern New Brunswick Economic Development and Innovation Fund (NNBEDIF)

The NNBEDIF is one of the three programs administered by the New Brunswick Regional Development Corporation as reported by the GONB. The purpose of the NNBEDIF is to provide assistance to eligible companies with the goal of diversifying and growing the Northern New Brunswick economy. Under the NNBEDIF program, assistance may be provided in the form of loans, loan guarantees, or non-repayable contributions. Funding under the NNBEDIF is limited by geographic region; only companies with projects in the northern New Brunswick counties of Victoria Madawaska, Restigouche, Gloucester, Northumberland, and parts of Kent qualify.¹³⁵

Programs Administered by the GOBC

1. BC Hydro Power Smart Program: Thermo-Mechanical Pulp (TMP) Program

In 1989, BC Hydro started the Power Smart program. Power Smart funds are disbursed among programs for each of its three categories of customers: residential, commercial, and industrial. Within the industrial category are the subcategories Power Smart Partners-Transmission (PSP-Transmission), for customers that are connected to the BC Hydro system at above 60 kilovolts (kV), and Power Smart Partners-Distribution (PSP-Distribution), for customers that are connected to the BC Hydro system at 60kV and below.

PSP-Transmission provides funding for energy studies and projects encouraging energy efficiency. BC Hydro's industrial customers can apply for and undertake these PSP – Transmission projects either individually or as part of larger programs, such as the TMP program. BC Hydro created this subprogram in July 2014. It targets customers who own TMP facilities and is designed to facilitate

¹³⁴ See *Supercalendered Paper Expedited Review Final Results* IDM at 6.

¹³⁵ *Id.*

energy efficiency and load displacement. The TMP program is open to British Columbia customers that own and operate TMP mills within BC Hydro's service area.¹³⁶

2. BC Hydro Power Smart Program: Industrial Energy Managers Program

Under the Industrial Energy Manager program, BC Hydro provides funding in the form of wage subsidies to PSP-Transmission customers to fund an employee dedicated to the position of Energy Manager who works to identify energy conservation opportunities. The funding under this program is available to BC Hydro's industrial customers who use more than 10 GWh per year. According to BC Hydro officials, it provides funding for 43 energy managers out of 164 eligible sites.¹³⁷

3. Powell River City Tax Exemption Program

In 2014, the City of Powell River passed Bylaw 2394 establishing "a revitalization tax exemption program" for a term of three years (*i.e.*, for calendar years 2015 through 2017). This bylaw specified that this program applied exclusively to Class 4 major industrial property located within the revitalization area. The 2014 bylaw provided tax certainty for eligible companies by maintaining, through 2017, the property tax amount payable at roughly C\$2.75 million per year.¹³⁸

Subsidies Identified in *Uncoated Groundwood Paper*

Programs Administered by the GOBC

1. School Tax Credit for Class 4 Major Industrial Properties

The GOBC establishes school tax rates applicable to taxable property value in each of the eight non-residential property classes within the province. For calendar year 2016, the school tax rates were set by Order-in-Council No. 267; each non-residential property class has one applicable school tax rate. Also, for 2016, the GOBC subsequently adjusted the school tax rate of C\$5.40 per C\$1,000 of taxable value, as indicated in the Order-in-Council, to C\$2.16 per C\$1,000 of taxable value for all Class 4 Major Industry properties, pursuant to the Provincial Industrial Property Tax Credit.¹³⁹

¹³⁶ *Id.* at 7.

¹³⁷ *Id.*

¹³⁸ *Id.* at 9.

¹³⁹ See *Uncoated Groundwood Paper Final Determination* IDM at 9.

Programs Administered by the Government of Newfoundland and Labrador (GONL)

1. SR&ED – GONL

The GONL provides a tax credit on companies' eligible R&D expenditures. The tax credit was available at a standard rate of 15 percent of the cost of these expenditures. The tax credit is claimed on Form T661 of the taxpayer's federal tax return.¹⁴⁰

2. Waiver of Managed Forest Land Tax

The Managed Land Tax is a requirement under the *Forestry Act* and the *Forest Land Management and Taxation Regulations* when a parcel of land, or part of a parcel, is declared "managed." The rate is calculated on an annual basis and was C\$1.42 per hectare in 2016. The GONL has entered into agreements dating back to 2009, to waive the payment of the annual managed land tax payable on tenure.¹⁴¹

3. Labour Market Partnership (LMP)

The GONL provides a grant to eligible companies and organizations to develop and implement labor market strategies and activities to assist companies with labor adjustments such as downsizing, upsizing, new development, relocation, impact of new technologies, labor shortages, shortage of year-round job opportunities, and lack of community and organizational capacity for human resource planning. The GONL contributes 50 percent or less of the eligible training costs and over 50 percent if the employer is unable to avoid lay-offs but willing to invest in training for affected employees.¹⁴²

4. Forest Insect Control and Survey Assistance

Under the *Forestry Act*, the GONL Minister responsible for forestry has the authority to undertake all reasonable measures to provide for effective protection of the forests, whether on Crown land, public land, or privately-owned land. The Minister has entered into annual and multi-year forest insect and disease control agreements with forest companies with land tenure in the province. The GONL may waive cost share payments for all insect and disease control and monitoring costs on a land tenure.¹⁴³

5. Productive Forest Lands Inventory Program

The GONL instituted the Forest Inventory Program in 1974, to provide a continuous, management level forest inventory in the province. This program provided timber volumes and other statistics for management planning; maintained up-to-date maps of forests; enabled planning and development of provincial resources; initiated special studies on growth, cull, decay, etc.; and benchmarked existing forest characteristics to examine change over time. In 1996, the

¹⁴⁰ *Id.* at 10.

¹⁴¹ *Id.*

¹⁴² *Id.* at 12.

¹⁴³ *Id.*

Newfoundland and Labrador Forest Service’s forest inventory program was given savings and revenue targets under the GONL Program Review initiative. As part of this initiative, companies entered into agreements to share the cost of the Forest Inventory Program and were given access to GNL’s forest industry inventory data. The GNL has waived payments under such agreements.¹⁴⁴

6. Canada—NL Job Grant

The Canada-NL Job Grant program is a cost-sharing program implemented as a part of the Canada-Newfoundland and Labrador Job Fund Agreement. The GONL provides up to C\$15,000 per person for training costs, which includes up to C\$10,000 in grant contributions. Funds provided under this program by the GOC are limited to the province of Newfoundland and Labrador, pursuant to the terms of the Canada-Newfoundland and Labrador Job Fund Agreement.¹⁴⁵

7. Capacity Assistance Agreement with NL Hydro

NL Hydro is a Crown-owned electrical utility company operating in the Newfoundland and Labrador province. NL Hydro’s strategic plan involves addressing the energy sector strategic directions of the Ministry of Natural Resources. NL Hydro’s mission is to carry out the energy policy of the GONL. The GONL maintains capacity assistance agreements with industrial customers, whereby capacity assistance is provided to NL Hydro. Industrial customers agree to provide electrical capacity to NL Hydro through generation facilities or by curtailing their demand and reducing the load on the electrical system.¹⁴⁶

8. Silviculture Assistance Program

The GONL reimburses companies for certain silviculture activities performed and provides seedlings for planting at no cost. Companies are legally obligated to ensure all of the harvested sites are adequately regenerated as set forth in the Certificate of Managed Land issued annually by the GONL, in accordance with section 43 of the *Forestry Act*. The GONL reimburses companies for performing eligible treatments pursuant to a multi-year agreement (Silviculture Agreement). The eligible treatments include tree planting, mechanical site preparation for planting, precommercial thinning, plantation maintenance, and vegetation management.¹⁴⁷

Programs Administered by the GOQ

1. Tax Credit for Private Partnership Pre-Competitive Research

The GOQ provides a tax credit based on a company’s eligible expenditures in forming partnerships to carry out pre-competitive research in Québec. The tax credit rate is 30 percent for SMEs and 14

¹⁴⁴ *Id.*

¹⁴⁵ *Id.* at 13.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

percent for large corporations. SMEs can claim qualified expenditures over a C\$50,000 exclusion threshold, while large corporations, can claim those over a C\$225,000 exclusion threshold.¹⁴⁸

2. Tax Credit for Training in the Manufacturing, Forestry, and Mining Sectors

Under the *Taxation Act*, the GOQ provides a tax credit for eligible training expenditures equal to the total cost of training, which can also include the salary or wages paid during the training period. For the training expenditures to qualify, the training must consist of a course related to an activity in the manufacturing, forestry, or mining sector and must be given to an enrolled eligible employee by either an accredited instructor or one at a recognized educational institution. Employees qualify as being eligible if their activities consist primarily of carrying out or supervising duties attributable to an activity in the manufacturing, forestry, or mining sectors. The tax credit is available at a rate of 24 percent of the cost of these expenditures. Companies in the manufacturing, forestry, and mining sectors can claim the credit when filing their corporation income tax return.¹⁴⁹

3. PAREGES Program

PAREGES is administered by the GOQ's Ministry of Transport, Sustainable Mobility, and Transport Electrification and the Ministry of Sustainable Development, Environment, and the Fight against Climate Change. The PAREGES program provides grants to support infrastructure projects and enterprises that use rail or maritime transport solutions to foster better intermodal options and allow for reduction of GHG emissions.¹⁵⁰

B. Additional Subsidies Information from Canada's WTO Notifications

Since the prior lumber subsidies report, there was no new TPR for Canada.¹⁵¹ We note that a new SCM notification for Canada was released on December 19, 2025.¹⁵² We will include the results of this updated notification in the 36th report. Relevant lumber industry subsidy programs reported in Canada's prior Subsidy Notification are listed below.¹⁵³

1. Forest Innovation Program (FIP)

The objective of the FIP is to support pre-competitive research, development and technology transfer activities in Canada's forest sector. Together, these activities help to position the sector for growth and enable it to participate in niche products areas such as bioenergy, biochemicals, nanotechnology and advanced construction materials. Funding for this program is provided for under the authority of the *Department of Natural Resources Act* and the *Forestry Act* and assistance is provided in the form of non-repayable contributions.¹⁵⁴

¹⁴⁸ *Id.* at 11.

¹⁴⁹ *Id.* .

¹⁵⁰ *Id.* at 16.

¹⁵¹ Canada's most recent TPR is WT/TPR/S/455/Rev.1 (September 11, 2024).

¹⁵² See G/SCM/N/430/CAN (Dec 19, 2025).

¹⁵³ See *New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures*, G/SCM/N/401/CAN (July 21, 2023) (*Canada N401*).

¹⁵⁴ See *Canada N401* at 70-71.

2. Forestry Funding Program¹⁵⁵

Ongoing since 2004, the program, administered by La Financière Agricole du Québec, supports certified forestry producers in acquiring wooded lots, with assistance provided in the form of loan guarantees for loans of up to C\$750,000 and for a maximum term of 30 years.¹⁵⁶

3. Financial Aid for the Development of Private Woodlots

This program consists of offering financial assistance to forest producers in the planning and implementation of silvicultural treatments on private woodlots. These activities are aimed at developing any registered forest area under section 130 of the SFDA.¹⁵⁷

4. Ontario Jobs and Prosperity Fund

Launched in January 2015, the program is administered by the Ministry of Economic Development and Growth and provides grants and loans under four distinct streams, each with its own application process. Among the four is the Forestry Growth Fund, which helps value-added and bio-product forestry projects improve productivity and innovation, enhance competitiveness, support new market access, strengthen supply chains and provide socio-economic benefits.¹⁵⁸

5. Investments in Forest Industry Transformation Program (IFIT)

The IFIT provided targeted investments in projects that implement new technologies leading to non-traditional high-value forest products including bioenergy, biomaterials, biochemicals and next generation building products. Eligible recipients were companies that either produced forest products in an existing forest product manufacturing facility located in Canada or that were new entrants in the forest sector for the purposes of the proposed project. The program was launched on August 2, 2010, and expired on March 31, 2023.¹⁵⁹

C. Subsidies Identified in Connection with the SLA which have Been Reviewed by an Arbitration Panel

1. Ontario Forest Sector Loan Guarantee Program

This program was announced in 2005 to make available C\$350 million in loan guarantees over five years to stimulate and leverage investment in the forest industry. These loan guarantees could be for a term of two to five years and generally range from C\$500,000 to a maximum of C\$25 million.

¹⁵⁵ Previously known as “Québec Forestry Financing Program.”

¹⁵⁶ See *Canada N401* at 122.

¹⁵⁷ *Id.* at 121-22. This program was included in the *Lumber V Final Determination*, but was found not to provide a benefit to the companies investigated.

¹⁵⁸ *Id.* at 99-100.

¹⁵⁹ *Id.* at 71-72; as stated above, we intend to include the results of Canada’s December 19, 2025 SCM Notification in the 36th report, see also G/SCM/N/430/CAN (Dec 19, 2025) at 86-87.

2. Ontario Forest Sector Prosperity Fund

This program was announced in 2005 to provide grants to the forest sector that would support and leverage new capital investment programs.¹⁶⁰

3. Forest Industry Support Program

This program was announced in 2006 to make available C\$425 million in financing to foster investment and modernization projects to improve the productivity and competitiveness of the Québec forest products industry.

4. 15 Percent Capital Tax Credit

This program was announced in 2006 to provide a 15 percent tax credit to the Québec forest products industry on investments in manufacturing and processing equipment through 2009.

5. Québec's Road Tax Credit

This program was announced in 2006 and allowed the GOQ to incur costs previously borne by the forest products industry. The program includes C\$100 million for a refundable tax credit of 40 percent for the construction of and major repairs to access roads and bridges.

6. British Columbia Sales of Grade 4 Timber

Since 2007, British Columbia has sold increasing amounts of publicly owned timber in its interior for salvage rates, providing a benefit to softwood lumber producers. While the mountain pine beetle infestation has caused extensive damage to forests in British Columbia, the majority of the damaged timber is usable for softwood lumber products.

D. Additional Subsidies Identified in Connection with the SLA

1. Wood Promotion Program

The GOO provides C\$1 million per year in funding to the forest products industry to enhance value-added manufacturing.

2. North Ontario Grow Bonds Program

The GOO provided approximately C\$13 million in bonds to new and growing businesses in the North. For example, in September 2006, a C\$250,000 loan to the Manitou Forest Products Limited for expansion of its sawmill was among the projects funded.

¹⁶⁰ See *Supercalendered Paper Final Determination* IDM at 28.

3. Forest Industry Long-Term Competitiveness Initiative

This program provides government funding for research and development that benefits the forest products industry.

4. Ontario Forest Access Road Construction and Maintenance Program

This program was announced in 2006 to make available C\$75 million to reimburse forest companies for costs incurred for constructing and maintaining primary and secondary forest access roads.

5. Reductions in Operational and Silvicultural Costs

This program was announced in 2006 and allowed the GOQ to incur costs previously borne by the forest products industry. The program includes C\$210 million in measures to reduce the cost of operations and silvicultural investments.

AUSTRIA

The most recent WTO Subsidy Notification and TPR applicable to Austria contain no subsidy programs directly relevant to the softwood lumber or softwood lumber products industries.¹⁶¹

BRAZIL

The most recent WTO Subsidy Notification and TPR applicable to Brazil contain no subsidy programs directly relevant to the softwood lumber or softwood lumber products industries.¹⁶²

CHILE

The most recent WTO Subsidy Notification and TPR applicable to Chile contain no subsidy programs directly relevant to the softwood lumber or softwood lumber products industries.¹⁶³

GERMANY

The most recent WTO Subsidy Notification and TPR applicable to Germany contain no subsidy programs directly relevant to the softwood lumber or softwood lumber products industries.¹⁶⁴

SWEDEN

The most recent WTO Subsidy Notification and TPR applicable to Sweden contain no subsidy programs directly relevant to the softwood lumber or softwood lumber products industries.¹⁶⁵

¹⁶¹ See G/SCM/N/430/EU/Add.1 (October 8, 2025); *see also* WT/TPR/S/442/Rev.1 (September 1, 2023).

¹⁶² See G/SCM/N/401/BRA (September 1, 2023); *see also* WT/TPR/S/432/Rev.1 (April 5, 2023).

¹⁶³ See G/SCM/N/401/BRA (September 1, 2023); *see also* WT/TPR/S/432/Rev.1 (April 5, 2023).

¹⁶⁴ See G/SCM/N/430/EU/Add.11 (September 25, 2025); *see also* WT/TPR/S/442 Rev. 1 (September 1, 2023).

¹⁶⁵ See G/SCM/N/430/EU/Add.27 (October 21, 2025); *see also* WT/TPR/S/442 Rev. 1 (September 1, 2023).

IV. Conclusion

We note that this report is limited to all subsidies identified following the reporting methodology described above and does not constitute a finding regarding the countervailability of the listed subsidies under U.S. law or the WTO SCM Agreement. We also note that this report only includes subsidies identified pursuant to the described reporting methodology. A subsidy's presence in or absence from this report is not an indication of whether the subsidy is countervailable under U.S. law, is in accordance with the relevant WTO agreements, or is actionable under any other international agreement.

V. **Appendix: Public Comments**

COMMENT 1



U.S. LUMBER COALITION, INC.

December 4, 2025

SUBMITTED VIA REGULATIONS.GOV

Docket No. ITA-2025-0103

Mr. Christopher Abbott
Deputy Assistant Secretary for Policy and
Negotiations, performing the non-exclusive
functions and duties of the Assistant Secretary
for Enforcement and Compliance
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Re: Comments on Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States During the Period January 1, 2025, through June 30, 2025

Dear Deputy Assistant Secretary Abbott:

On behalf of the U.S. Lumber Coalition (“USLC”), we respectfully submit the following comments regarding subsidy programs provided by countries exporting softwood lumber and softwood lumber products to the United States.¹ The USLC greatly appreciates the U.S. Department of Commerce’s (“Department”) continued vigilance identifying subsidies provided by foreign governments that harm American workers, manufacturers, and businesses in the forestry industry. These comments are submitted on the December 4, 2025 due date and in a format consistent with the Department’s published request for comment.²

I. About the U.S. Lumber Coalition

The USLC is an alliance of large and small softwood lumber producers from around the country, joined by their employees and woodland owners, working to address unfair lumber trade practices.³ Our goal is to serve as the voice of the American lumber community and effectively address unfair softwood lumber trade practices.

¹ *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment Pursuant to the Softwood Lumber Act of 2008*, 90 Fed. Reg. 52,914 (Dep’t Commerce Nov. 24, 2025).

² *Id.*

³ Additional information on the USLC and its efforts to maximize domestic lumber production and availability is available on the USLC’s website at www.uslumbercoalition.org.

Relevant to the Department's semi-annual softwood lumber subsidies report to Congress, the USLC—as part of the *ad hoc* Committee Overseeing Action for Lumber International Trade Investigations or Negotiation (“COALITION”)—filed petitions in November 2016 seeking relief from unfairly subsidized and dumped imports of softwood lumber from Canada. Countervailing duties were ultimately imposed on unfairly subsidized imports of softwood lumber from Canada in January 2018. The trade relief imposed by the Department on unfairly traded imports have allowed the domestic softwood industry to invest and grow toward its natural size, adding good-paying jobs that support thousands of families and communities across the country.

II. Identification of Subsidies

Subsidies distort markets and artificially lower costs for the companies receiving them. Softwood lumber producers in Canada have been found to benefit from unfair subsidies on numerous occasions. Softwood lumber producers in other countries, including countries within Europe, also benefit from subsidies. These subsidies give foreign softwood lumber producers an unfair advantage over our own producers. The comments below identify a number of subsidy programs available to softwood lumber producers in Canada, Sweden, and Germany.

A. Subsidies in Canada

The Department's prior reports to Congress regarding softwood lumber subsidies demonstrate the extent to which Canada unfairly subsidizes its softwood lumber industry at both the federal and provincial level. The most recent report to Congress submitted by the Department in June 2025 identifies dozens of subsidies found by the agency to be countervailable. The scale and range of the subsidies provided to softwood lumber producers in Canada was further detailed in the Department's first five-year sunset review of the countervailing duty order that listed out nearly 100 different subsidy programs found to be countervailable in the first three administrative reviews of that order.⁴ This list grows in each subsequent review as Canada continuously expands the range of support provided to its softwood lumber industry.

While the USLC does not further detail subsidies available to Canadian softwood lumber producers in this filing, there has been a flurry of activity recently, with numerous announcements by the Canadian federal and provincial governments of new subsidies and other support measures for the Canadian lumber industry. These actions are in direct response to increased antidumping and countervailing duty cash deposit rates on softwood lumber products from Canada and President Trump's imposition of additional tariffs pursuant to Section 232 of the Trade Act of 1962. As these new subsidies were announced following the conclusion of the reporting period for the current report, the USLC intends to document the new measures for the Department's next report, to be published in June 2026.

⁴ *Certain Softwood Lumber Products From Canada: Final Results of the Expedited Sunset Review of the Countervailing Duty Order* 88 Fed. Reg. 19,613 (Dep't Commerce Apr. 3, 2023), and accompanying IDM at Attachment 3 (ACCESS Barcode 4358398-02).

B. Subsidies in Sweden

Information reasonably available to the USLC indicates that the Government of Sweden (“Sweden” or “GOS”) provides subsidies to its softwood lumber and forest products industries. The programs discussed below were identified through an examination of information from the GOS, private industry, and non-profit organizations.

1. *Ökad koleffektivitet i biobaserade cirkulära värdekedjor - effektivt nyttjande av varje kolatom [Increased carbon efficiency in the bio-based circular value chains – efficient use of every carbon atom]*⁵

The organization BioInnovation, which is funded in part through distributions from the GOS,⁶ provides grants to support research and innovation into, among other areas, new and innovative uses for biomaterials and biomass, and the development of a circular economy.⁷ The program provides research funding of up to SEK 4 million to manufacturers, suppliers, and users of bio-based materials, and specifically targets projects meant to “enable reuse and/or recycling in the manufacturing industry.”⁸ Projects supported by the program can seek development of efficiency improvements for existing production methods or may seek to develop new industrial processes or products which use biomaterial inputs. Information shows that funds from this program went to projects “to increase the overall yield of sawn timber products.”⁹

2. *Stöd för kompetensutveckling inom hållbart skogsbruk 2023-2027 [Support for skills development in sustainable forestry 2023-2027]*¹⁰

The Skogsstyrelsen [Swedish Forestry Agency] is an agency of the GOS overseeing matters relating to forests in Sweden. Under the support for skills development in sustainable forestry program, the Skogsstyrelsen provides grant funding for projects which support and enhance skills development for those working in the forestry sector, as long as those receiving the training are not on staff at the company receiving government funds. Skills development projects funded through the program include training in sustainable forestry techniques and how

⁵ Vinnova, *Ökad koleffektivitet i biobaserade cirkulära värdekedjor - effektivt nyttjande av varje kolatom [Increased carbon efficiency in bio-based circular value chains – efficient use of every carbon atom]*, <https://www.vinnova.se/en/calls-for-proposals/the-strategic-innovation-program-bioinnovation/increased-carbon-efficiency-in-2023-03406/>.

⁶ BioInnovation, *What we do*, (Aug. 29, 2024), <https://www.bioinnovation.se/en/vad-vi-gor/>.

⁷ Vinnova, *Increased carbon efficiency in bio-based circular value chains – efficient use of every carbon atom*, <https://www.vinnova.se/en/calls-for-proposals/the-strategic-innovation-program-bioinnovation/increased-carbon-efficiency-in-2023-03406/>.

⁸ *Id.*

⁹ Vinnova, *Controlling the forest cloud – Advanced control for increased yield of long-lived forest products*, <https://www.vinnova.se/en/p/controlling-the-forest-cloud--advanced-control-for-increased-yield-of-long-lived-forest-products/>.

¹⁰ Skogsstyrelsen [Swedish Forestry Agency], *Stöd för kompetensutveckling inom hållbart skogsbruk 2023-2027 [Support for skills development in sustainable forestry 2023-2027]*, <https://www.skogsstyrelsen.se/aga-skog/stod-och-bidrag/stod-for-kompetensutveckling-2023-2027/>.

to grow forest biomass intended for biofuel production.¹¹ Recipient companies may receive up to 100 percent of the costs associated with the skills training in the form of a grant.

3. *Carbon capture and sequestration (“CCS”) from combustion and processing of biomass scheme*

The GOS introduced a scheme through its Ministry of the Environment to provide grants to companies which generate carbon emissions through the burning or processing of biomass (“biogenic CO₂”).¹² Under the scheme, the GOS provides 15-year contracts to companies who produce biogenic CO₂ and sequester a minimum of 50,000 tonnes of that biogenic CO₂ annually. Through these contracts, the GOS provides a grant per tonne sequestered, with the amount of the grant being reduced in proportion to the revenues that recipient companies may otherwise receive from the CCS project. Swedish lumber companies, including Vida (owned by Canfor Corporation), operate facilities that convert biomass to energy and thus may qualify for benefits under this program.¹³

4. *FoU-avdrag [Research and Development Tax Credit]¹⁴*

Overseen by the Skatteverket [Swedish Tax Agency], the FoU-avdrag provides a tax deduction to firms which employ individuals engaged in research and development (“R&D”) work. To apply for the program, an employer must show that a given employee worked a minimum of 15 hours per month in an R&D context, said individual must have spent a minimum of 50 percent of their working time on R&D projects, and the project on which they worked must be intended for commercial purposes; the employee must also be under 66 years of age. Under the program, the employment-related taxes paid by the benefiting employer may be reduced by 20 percent for each member of their staff who meets the qualifications for the exemption. The exemption received by any single employer may not exceed SEK 3,000,000 per month.

5. *Industriklivet [Green Industry Leap]*

The Green Industry Leap is overseen by the Energimyndigheten [Swedish Energy Agency] and provides grant funding to industrial operations in Sweden to both reduce

¹¹ Jordbruksverket [Swedish Board of Agriculture], *Uppgifter för urvalsförfarande under år 2024 [Details for the selection process in 2024]*, <https://jordbruksverket.se/download/18.741f70e7190291c6e8e53f0/1718800222790/Urvalskriterier-och-poang-ansokningar-2024-tga.pdf>.

¹² News Release, Bioenergy Insight, *EU approves €3 billion Swedish aid scheme for CCS from biomass processing*, (Jul. 2, 2024), <https://www.bioenergy-news.com/news/eu-approves-e3-billion-swedish-aid-scheme-for-ccs-from-biomass-processing/>.

¹³ Canfor Corporation, *Bioproducts* (“Vida Energy converts by-products into wood pellets, chips and biofuels for heating systems in Sweden and also supplies 100% wood shavings for agricultural use.”), <https://www.canfor.com/products/bioproducts>.

¹⁴ Skatteverket [Swedish Tax Agency], *Forskningsavdrag i arbetsgivardeklarationen, [Research deductions in the employer’s tax return]*, <https://www.skatteverket.se/foretag/arbetsgivare/arbetsgivaravgifterochskatteavdrag/forskningsavdrag.4.8dcbbe4142d38302d7cb4.html#:~:text=Forskningsavdrag%20i%20arbetsgivardeklarationen.forskning%20och%20utveckling%20som%20g%C3%A4ller>.

greenhouse gas emissions and develop new green technologies.¹⁵ Grants under the program may be provided to fund R&D projects, feasibility studies, and industrial projects. A grant may finance between 25 and 100 percent of a given project and may not be used to cover investments required by existing laws or to produce electricity. The program was initiated in 2018 and financial support under the program is set to continue until 2031.¹⁶

6. *Klimatklivet [Climate Leap]*

The Climate Leap program is overseen by the Naturvårdsverket [Swedish Environmental Protection Agency] and provides grants to companies to reduce their CO2 emissions in the country.¹⁷ The program provides support for companies to both switch their energy consumption to renewables and to invest in non-fossil fuel technologies.¹⁸ Participants in the program may receive up to 70 percent of the cost of the investment receiving funding. Projects which are deemed to be profitable without Climate Leap financing, which are otherwise required by law, or which are intended to produce renewable electricity are not eligible for funding.¹⁹ Climate Leap was initiated in 2015,²⁰ and annual application periods are announced by the Swedish Environmental Protection Agency.²¹ As noted above, Swedish lumber producer Vida AB is “one of the Sweden’s largest biofuel players” and thus may qualify for benefits under this program.²²

7. *Regional Investment Grant*²³

The Tillväxtverket [Swedish Agency for Economic and Regional Growth] provides grants to companies looking to either start or expand an existing business in certain economically disadvantaged regions of the country.²⁴ Grants are available for a range of business investments,

¹⁵ Business Sweden, *Incentives Guide for Companies Looking to Invest in Sweden*, (2022) at 3, <https://www.business-sweden.com/contentassets/41249a64a04e4309b7637b00c526eef8/incentives-guide.pdf>.

¹⁶ Energimyndigheten [Swedish Energy Agency], *Industritrikivet [Green Industry Leap]*, <https://www.energimyndigheten.se/forskning-och-innovation/forskning/industri/industritrikivet/>.

¹⁷ Business Sweden, *Incentives Guide for Companies Looking to Invest in Sweden*, (2022) at 3, <https://www.business-sweden.com/contentassets/41249a64a04e4309b7637b00c526eef8/incentives-guide.pdf>.

¹⁸ Naturvårdsverket [Swedish Environmental Protection Agency], *Klimatklivet [Climate Leap]*, <https://www.naturvardsverket.se/amnesomraden/klimatomstallningen/klimatklivet>.

¹⁹ Business Sweden, *Incentives Guide for Companies Looking to Invest in Sweden*, (2022) at 3, <https://www.business-sweden.com/contentassets/41249a64a04e4309b7637b00c526eef8/incentives-guide.pdf>.

²⁰ Swedish Environmental Protection Agency, *Climate Leap*, <https://www.naturvardsverket.se/amnesomraden/klimatomstallningen/klimatklivet>.

²¹ See Business Sweden, *Incentives Guide for Companies Looking to Invest in Sweden*, (2022) at 3, <https://www.business-sweden.com/contentassets/41249a64a04e4309b7637b00c526eef8/incentives-guide.pdf>.

²² Vida, *About Vida Energy*, <https://www.vida.se/en/vida-energy/>.

²³ See Business Sweden, *Incentives Guide for Companies Looking to Invest in Sweden*, (2022) at 5, <https://www.business-sweden.com/contentassets/41249a64a04e4309b7637b00c526eef8/incentives-guide.pdf>.

²⁴ *Id.*

including purchasing buildings and equipment or defraying labor costs.²⁵ The amount of the grant available to recipients differs based on the type of investment, the size of the company applying for assistance, and in what area of the country the applicant intends to invest. Recipient companies may receive up to 40 percent of the overall cost of an investment under the program. Many Swedish softwood lumber producers operate in regions that qualify for these investment grants.

8. *Regional Transportation Grant*²⁶

The Swedish Agency for Economic and Regional Growth provides grants to offset the cost disadvantages in logistics for companies operating in Norrbotten, Västerbotten, Jämtland and Västernorrland counties. The program specifically targets the manufacturing and processing industries in these counties. “The grant is available for both inbound and outbound traffic” for goods which travel more than 401 kilometers “by rail or commercial traffic on road or sea.”²⁷ The amount of the grant varies between 5 and 45 percent of transportation costs, and a company’s benefit under the program is capped at SEK 15 million per year. Swedish lumber producers are known to operate in Norrbotten, Västerbotten, Jämtland and Västernorrland counties and thus may benefit from transportation grants that lower the cost of exporting lumber to the United States.

9. *Expert Tax Relief*²⁸

The GOS, through the Forskarskattenämnden [Taxation of Research Workers Board], administers a tax relief program for companies hiring certain high-skill foreign workers. Under Swedish law, employers are required to pay certain taxes to the government calculated as a percentage of an employee’s salary. Under the Expert Tax Relief program, the employer’s tax obligation for employee salaries under the program is calculated based off of 75 percent of the value of the salary plus benefits received by the employee. Without the program, the employer’s tax liability is based on 100 percent of the salary plus benefits of the employee in question. Employees whose cost of employment is reduced under the program must be employed with the intention of staying in the country for no more than five years from the start of their employment.

10. *Nystartjobb [New Start Job Program]*²⁹

Overseen by the Swedish Public Employment Service, the New Start Job program provides tax relief to companies willing to hire certain individuals who either have been

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at 7.

²⁹ *Id.* at 7; also Sveriges Riksdag [Swedish Parliament], *Förordning (2018:43) om stöd för nystartsjobb [Regulation (2018:43) on support for new start-up jobs]*, https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/forordning-201843-om-stod-for-nystartsjobb_sfs-2018-43/.

unemployed for an extended period of time or who are newly arrived in Sweden.³⁰ The amount of tax relief depends on the income and benefit category of the employee whose income is eligible for the program but is based on the social security and payroll taxes paid by the employer.³¹ The income used to calculate an employer's tax relief is capped at SEK 20,000 per month.³² The period of relief provided under the program differs based on the length of time an individual employed under the program was previously unemployed and whether or not the employee is a new arrival to Sweden, but is not to exceed 24 months.³³

C. Subsidies in Germany

Below, the USLC describes subsidies provided by the governments of Germany, both federal and states, identified through an examination of the federal aid database,³⁴ as well as through examination of federal tax laws.

Programs Administered by the Government of the Federal Republic of Germany ("GOG")

1. Nachhaltige Erneuerbare Ressourcen [Sustainable Renewable Resources]³⁵

The GOG provides grants under this program for R&D projects in the field of renewable resources. Specifically, it supports projects seeking innovative use of biomass from agriculture, forestry, and waste management. The program is overseen by the Federal Ministry of Food and Agriculture, and recipients of grants under the program may receive up to 100 percent funding for basic research, 50 percent funding for industrial research and feasibility studies, and 25 percent funding for experimental development.

³⁰ See Business Sweden, *Incentives Guide for Companies Looking to Invest in Sweden*, (2022) at 8, <https://www.business-sweden.com/contentassets/41249a64a04e4309b7637b00c526eef8/incentives-guide.pdf>.

³¹ Swedish Parliament, *Regulation (2018:43) on support for new start-up jobs*, at §11-13, https://www.riksdagen.se/sv/dokument-och-lagar/dokument/svensk-forfattningssamling/forordning-201843-om-stod-for-nystartsjobb_sfs-2018-43/.

³² *Id.* at § 16.

³³ *Id.* at § 11-13.

³⁴ Bundesministerium für Wirtschaft und Klimaschutz [Federal Ministry for Economic Affairs and Climate Action], *Förderdatenbank: Bund, Länder und EU [Aid Database: Federal, States and European Union]*, https://www.foerderdatenbank.de/SiteGlobals/FDB/Forms/Suche/Startseitensuche_Formular.html?input=285abce9-4339-43b9-9e4d-b1cac15665f4>p=%2526816beae2-d57e-4bdc-b55d-392bc1e17027_list%253D8&submit=Suchen&resourceId=86eabea6-8d08-40e7-a272-b337e51c6613&filterCategories=FundingProgram&templateQueryString=Holz&pageLocale=de.

³⁵ Federal Ministry for Economic Affairs and Climate Action, *Nachhaltige Erneuerbare Ressourcen [Sustainable Renewable Resources]*, <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Bund/BMEL/foerderprogramm-nachwachsende-rohstoffe2.html>.

2. *Investment program for the timber industry and climate-friendly construction with wood*³⁶

Through the Federal Ministry for Food and Agriculture, the GOG provides grants to companies operating in the wood products industry for capital improvements intended to increase industry competitiveness. Grants are intended to, among other things, support the utilization of timber brought to market due to natural or environmental disaster.³⁷ Example investments include “efficient drying kilns for heat treatment and the elimination of damaging wood insects, or for the construction of log storage facilities.”³⁸ Grants are limited to 20 percent of the total investment cost.

3. *Renewable Raw Materials Funding Program*

Through the Renewable Raw Materials Funding Program, the GOG supports R&D as well as demonstration projects in the renewable materials sector in Germany.³⁹ The program is overseen by the Federal Ministry of Food and Agriculture and is part of a larger effort by the German government to support the economic competitiveness of the country’s forest products sector through research and innovation in recent years.⁴⁰ As of 2021 (the most recent year where publication is available), the program supported over 350 projects valued at over EUR 105 million.⁴¹

4. *Stromsteuergesetz § 9b(1) [Electricity Act] (StromStG)*⁴²

Under the StromStG, consumption of electricity is taxed at a rate of EUR 20.50 per megawatt hour. Under § 9b(1) of the StromStG, manufacturing enterprises and forestry enterprises are entitled to relief from this tax if that electricity is used “to generate light, heat,

³⁶ Report, Bundesministerium für Landwirtschaft und Ernährung [Federal Ministry of Food and Agriculture], *Waldbericht der Bundesregierung 2021 [Forest Report of the Federal Government 2021]*, at 48, <https://www.bmel-statistik.de/fileadmin/daten/0320126-2021.pdf>. See also Press Release, Federal Ministry for Food and Agriculture, *Innovationen für die Holzwirtschaft: Jetzt Förderung beantragen [Innovations for the timber industry: Apply for funding now]*, https://www.ble.de/SharedDocs/Pressemitteilungen/DE/2021/210304_Holzwirtschaft.html#:~:text=Das%20Bundeslandwirtschaftsministerium%20f%C3%B6rdert%20Investitionen%2C%20um,maximal%2020%20Prozent%20der%20Investition.

³⁷ Global Wood Markets Info, *Germany to intensify timber industry reform*, (Mar. 8, 2021), [Germany to intensify timber industry reform - Global Wood Markets Info](https://www.gwm.info/news/germany-to-intensify-timber-industry-reform).

³⁸ Press Release, Federal Ministry for Food and Agriculture, *Innovations for the timber industry: Apply for funding now*, (Mar. 4, 2021), https://www.ble.de/SharedDocs/Pressemitteilungen/DE/2021/210304_Holzwirtschaft.html#:~:text=Das%20Bundeslandwirtschaftsministerium%20f%C3%B6rdert%20Investitionen%2C%20um,maximal%2020%20Prozent%20der%20Investition.

³⁹ Federal Ministry of Food and Agriculture, *Forest Report of the Federal Government 2021*, at 52, <https://www.bmel-statistik.de/fileadmin/daten/0320126-2021.pdf>.

⁴⁰ See *id.* at 9.

⁴¹ *Id.* at 52.

⁴² Bundesministerium zur Justiz [Federal Ministry of Justice], *Stromsteuergesetz (StromStG) [Electricity Act]*, <https://www.gesetze-im-internet.de/stromstg/BJNR037810999.html>.

cold, compressed air and mechanical energy.” According to § 9b(2) the relief provided is a reduction of the tax rate of EUR 5.13 per megawatt hour as long as the total relief the enterprise in question would receive exceeds EUR 250 in a calendar year. Programs that provide discounted electricity to lumber producers have been found to constitute an unfair subsidy.

5. *Energiefinanzierungsgesetz [Energy Financing Act] (EnFG)*⁴³

The EnFG is a federal law mandating certain surcharges on electricity consumption. These surcharges are used to finance the buildout of renewable electricity generation in Germany. The levies charged are determined on a yearly basis and are calculated as a surcharge on electricity purchases. Under the EnFG, certain “electricity-intensive companies” in enumerated industries, including “sawmills, planing mills and wood impregnation plants”, which meet the eligibility criteria provided in § 30 of the law are eligible for limits on the amount of surcharges they are required to pay.

6. *Gesetz zur steuerlichen Förderung von Forschung und Entwicklung (Forschungszulagengesetz – FZuLG) [Research Allowance Act (FZuLG)]*

The FZuLG provides a tax credit of up to 25 percent of the value of qualifying R&D expenses carried out in Germany, up to a maximum exemption of EUR 500,000 per year.⁴⁴ Qualifying expenses include 100 percent of wages and related expenses for employees engaged in R&D work, direct expenditures related to R&D activities, and 60 percent of related contractor costs. Applications for benefits under the FZuLG are reviewed and decided upon by the Bescheinigungsstelle Forschungszulage [Research Allowance Certification Office].⁴⁵ Once an application for the credit is approved, the credit is applied to the next assessment of income or corporation tax for the recipient.

Programs Administered by the State Government of the Free State of Bavaria (“GoB”)

7. *Investitionsförderung für Scale-Up-Anlagen [Investment support for scale-up facilities] (BayBioökonomie-Scale-Up)*⁴⁶

⁴³ Federal Ministry of Justice, *Gesetz zur Finanzierung der Energiewende im Stromsektor durch Zahlungen des Bundes und Erhebung von Umlagen (Energiefinanzierungsgesetz – EnFG) [Law on financing the energy transition in the electricity sector through federal payments and levying charges (Energy Financing Act EnFG)]*, <https://www.gesetze-im-internet.de/enfg/BJNR127200022.html>.

⁴⁴ Dr. Thomas Nietsch, K&L Gates, *German Act on Tax Incentives for Research and Development (FZuLG) in Force* (Feb. 11, 2020), <https://www.klgates.com/German-Act-on-Tax-Incentives-for-Research-and-Development-FZuLG-in-Force-02-11-2020>.

⁴⁵ Bundesministerium der Finanzen [Federal Ministry of Finance], *Steuerliche Förderung von Forschung und Entwicklung [Tax Incentives for Research and Development]*, https://www.bundesfinanzministerium.de/Web/DE/Themen/Steuern/Steuerliche_Themengebiete/Forschungszulage/forschungszulage.html.

⁴⁶ Federal Ministry for Economic Affairs and Climate Protection, *Investitionsförderung für Scale-Up-Anlagen [Investment Support for Scale-Up Plant]*, <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Land/Bayern/baybiooekonomie-scale-up.html>.

The BayBioökonomie-Scale-Up program provides grants to defray the costs of constructing production facilities which process biogenic raw materials or residues into new and innovative products. The program is managed by the Bavarian State Ministry for Economic Affairs, Regional Development and Energy with support from the European Regional Development Fund. Inputs into the newly constructed plant must be renewable raw materials or predominantly biogenic residues and waste materials (e.g., wood residues). Projects receiving a grant under this program must have an eligible expenditure of at least EUR 250,000.

Programs Administered by the State Government of Baden-Württemberg (“GoBW”)

8. *Holz Innovativ Programm [Wood Innovative Program]*⁴⁷

The GoBW administers the Wood Innovative Program which provides grants for research and development, model project construction, and other aspects of pre-market project investments in the wood products industry. The program is funded through the State Bank of Baden-Württemberg’s Ministry of Food, Rural Areas and Consumer Protection, with financial support from the European Union’s European Regional Development Fund. The program generally funds between 40 and 100 percent of approved projects, but a grant may not exceed EUR 2 million on a per project basis. Funds may be used to cover a company’s capital investment, personnel, and material costs for a given project.

Programs Administered by the State Government of North-Rhine Westphalia (“GoNRW”)

9. *Regionales Wirtschaftsförderungsprogramm – Gewerbliche Wirtschaft einschließlich Tourismusgewerbe [Regional Economic Development Programme – Commercial Economy including Tourism]*⁴⁸

The GoNRW provides grants to companies seeking to establish new, or expand existing, businesses in certain economically disadvantaged regions in the state of North Rhine-Westphalia.⁴⁹ The program is managed by NRW.Bank, the regional development bank of the state, and provides funding for companies in a number of selected industries, including in the “manufacture of wood.”⁵⁰ Eligible projects must cost at least EUR 150,000 and recipient

⁴⁷ Federal Ministry for Economic Affairs and Climate Protection, *Holz Innovativ Programm [Wood Initiative Program]*, <http://www.foerderdatenbank.de/FDB/Content/DE/Foerderung/als.Millionen%20je%20Vorhaben%20und%20Unternehmen>.

⁴⁸ Federal Ministry for Economic Affairs and Climate Protection, *Regionales Wirtschaftsförderungsprogramm – Gewerbliche Wirtschaft einschließlich Tourismusgewerbe [Regional Economic Development Programme – Commercial Economy including Tourism]*, <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderung/Programme/Land/NRW/gewerbliche-wirtschaft-tourismus-nrw.html>.

⁴⁹ *Id.*

⁵⁰ *Id.*

companies may receive EUR 600,000 for every new job created and EUR 350,000 for every job retained through the funded project.

Programs Administered by the State Government of Saxony (“GoS”)

10. *Mittelstandsförderung – B.I.3 – Betriebsberatung/Coaching [SME support – B13 – Business consulting/coaching]*⁵¹

The GoS provides grants to companies operating in the state of Saxony to cover costs associated with business consulting services. The program is overseen by the Saxon Development Bank. Recipient companies may receive up to EUR 10,000 per calendar year for certain consulting services, including for costs associated with the development of foreign markets and personnel development and retainment. Thus, this program would be available to German softwood lumber producers that export to the United States.

Programs Administered by the State Government of Saxony-Anhalt (“GoSA”)

11. *Förderung der Europäischen Innovationspartnerschaft „Landwirtschaftliche Produktivität und Nachhaltigkeit“ (EIP AGRI-Richtlinie) [Funding for the European Innovation Partnership on Agricultural Productivity and Sustainability (EIP AGRI Directive)]*⁵²

The GoSA provides grants in support of innovative research and development projects in the agriculture and forestry sectors which are intended to increase the economic competitiveness of rural communities in Saxony-Anhalt. The program is funded and administered through the State Administration Office of Saxony-Anhalt, with funding support from the European Innovation Partnership and European Agricultural Fund for Rural Development. Funding for the forest products industry includes grants intended to support the “integrating {of the} timber supply from private forests into the wood processing industry.”⁵³

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⁵¹ Federal Ministry for Economic Affairs and Climate Protection, *Mittelstandsförderung – B.I.3 – Betriebsberatung/Coaching [SME support – B13 – Business consulting/coaching]*, <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Land/Sachsen/Mittelstandsfoerderung-B13-Betriebsberatung.html>.

⁵² Federal Ministry for Economic Affairs and Climate Protection, *Förderung der Europäischen Innovationspartnerschaft „Landwirtschaftliche Produktivität und Nachhaltigkeit“ (EIP AGRI-Richtlinie) [Funding for the European Innovation Partnership on Agricultural Productivity and Sustainability (EIP AGRI Directive)]*, <https://www.foerderdatenbank.de/FDB/Content/DE/Foerderprogramm/Land/Sachsen-Anhalt/eip-agri-richtlinie.html>.

⁵³ *Id.* at Directive on the award of grants to support the European Innovation Partnership on Agricultural Productivity and Sustainability (EIP AGRI (1) Directive) Sec. 4.1.5(e).

The USLC greatly appreciates the opportunity to provide comments on subsidy programs provided by countries exporting softwood lumber products to the United States. Ensuring a level playing field for domestic producers of softwood lumber products is crucial to fostering an environment that results in more softwood lumber production in the United States. Please contact the undersigned if you wish to further discuss these important issues.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Zoltan van Heyningen', written over a horizontal line.

Zoltan van Heyningen
Executive Director

COMMENT 2

December 4, 2025

VIA REGULATIONS.GOV

Mr. Christopher Abbott
Assistant Secretary for Enforcement and Compliance
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230

Re: Softwood Lumber Subsidies Report to Congress; Request for Comment on Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States

Docket No. ITA-2025-0103

Dear Assistant Secretary,

On behalf of the Brazilian Association of Mechanically Processed Timber Industry (Associação Brasileira da Indústria de Madeira Processada Mecanicamente – ABIMCI), along with the Federation of Industries of the State of Santa Catarina (FIESC), the Federation of Industries of the State of Paraná (FIEP), and the Federation of Industries of the State of Rio Grande do Sul (FIERGS), we respectfully submit the attached comments in response to the Department of Commerce’s Request for Comment on Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States, published in the Federal Register, Vol. 90, No. 224 (Nov. 24, 2025).

ABIMCI is the national association representing Brazil’s mechanically processed timber industry and includes among its more than 140 members the principal Brazilian producers and exporters of softwood lumber classified under HTSUS subheadings 4407.1100, 4407.1200, 4407.1300, 4407.1400, and 4407.1900.

FIESC, FIEP, and FIERGS are the leading industrial federations in the Southern states of Santa Catarina, Paraná, and Rio Grande do Sul, respectively – the region where Brazil’s pine plantations, sawmills, and softwood lumber exports are heavily concentrated. The

softwood value chain is a major employer and export earner in these states and an important driver of regional development.

Once Brazil has been identified as a covered country under the Notice, and because the softwood lumber sector is of strategic importance to Southern Brazil, ABIMCI, FIESC, FIEP, and FIERGS have a direct and substantial interest in ensuring that the Department has accurate, data-based information on the Brazilian industry and the policy environment in which it operates.

The attached submission explains, on the basis of legal analysis and empirical evidence, that Brazil's softwood lumber producers do not benefit from countervailable subsidies within the meaning of 19 U.S.C. § 1677(5)(B), and that the sector is organized around privately owned plantations, market-based timber pricing, and horizontal tax and credit regimes that are not specific to softwood lumber.

We respectfully request that the Department of Commerce take this submission into account in preparing its semi-annual Softwood Lumber Subsidies Report to the U.S. Congress and that it reflects, with respect to Brazil, that no softwood-lumber-specific subsidy programs meeting the statutory criteria were identified for the period January 1 through June 30, 2025.

If the Department has any questions regarding this submission or requires additional information, please contact the undersigned.

Respectfully submitted,

Brazilian Association of Mechanically Processed Timber Industry (ABIMCI)

Federation of Industries of the State of Santa Catarina (FIESC)

Federation of Industries of the State of Paraná (FIEP)

Federation of Industries of the State of Rio Grande do Sul (FIERGS)



Welber Barral

Gilvan Brogini

Maria Eduarda H. Milki

Counsel

trade@barralparente.com.br

SHIS Q1 25 CJ 12 cs 15 - Brasilia DF Brazil

SOFTWOOD LUMBER SUBSIDY NOTICE

I. EXECUTIVE SUMMARY

The Brazilian Association of Mechanically Processed Timber Industry (*Associação Brasileira da Indústria de Madeira Processada Mecanicamente – ABIMCI*) respectfully submits this report in response to the Department of Commerce’s *Request for Comment on Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States* (Docket No. ITA–2025–0103).

Official U.S. import data confirms that Brazil accounted for more than one percent of total U.S. imports of softwood lumber (classified under HTSUS subheadings 4407.1100, 4407.1200, 4407.1300, 4407.1400, and 4407.1900) during the period of review, January 1, 2025, through June 30, 2025.

As the national representative body for the mechanically processed timber sector, ABIMCI speaks on behalf of over 140 member companies, including the principal Brazilian producers and exporters of softwood lumber. Also, FIESC, FIEP, and FIERGS represent a relevant portion of the industrial sector of softwood lumber in Brazil. This submission provides a comprehensive factual and legal analysis demonstrating that the Brazilian industry operates independently of government subsidies.

The central message of this report is unequivocal: **The Brazilian softwood lumber sector operates on a competitive, market-driven basis and benefits from no countervailable subsidies.** The industry’s growth and export performance are driven by natural comparative advantages (such as climate and other natural factors) and private capital investment.

There are no government programs in Brazil that provide a financial contribution, confer a benefit, and are specific to the softwood lumber industry as required to establish a subsidy under 19 U.S.C. § 1677(5)(B). A rigorous review of the industry’s structure and government policies during the first half of 2025 yields the following definitive findings:

1. **Private Ownership Model:** Unlike jurisdictions characterized by public forest ownership and administrative pricing, Brazil’s softwood production relies overwhelmingly on privately owned pine plantations. Timber is bought and sold in a transparent, private market without government-controlled stumpage fees, precluding the existence of upstream resource subsidies.
2. **Market-Driven Export Performance:** During the review period (Jan–Jun 2025), Brazilian exports of softwood lumber to the United States exhibited pricing and



volume dynamics consistent with an undistorted, competitive market. Export transactions reflected ordinary commercial responses to supply and demand conditions, refuting any suggestion of government price support or non-commercial cost advantages.

3. **Absence of Fiscal or Financial Support:** There is no evidence of direct grants, equity infusions, or price support mechanisms for the softwood sector.

In conclusion, the evidence demonstrates that Brazil's softwood lumber industry competes on a level playing field. ABIMCI respectfully requests that the Department of Commerce continue its established practice of identifying **no subsidies** for Brazil in its upcoming report to Congress.

II. LEGAL FRAMEWORK FOR COUNTERAVAILABLE SUBSIDIES

While the Department of Commerce ("Commerce") issued the current Request for Comment under Section 805 of the Softwood Lumber Act of 2008, the substantive legal standard for identifying and quantifying subsidies continues to be governed by Title VII of the Tariff Act of 1930. Section 805 requires periodic reporting but does not create a special definition of "subsidy" for softwood lumber; instead, Commerce applies the general statutory definition in 19 U.S.C. § 1677(5)(B). Accordingly, ABIMCI bases its analysis strictly on this controlling framework and the criteria Commerce must apply in any countervailing duty investigation.

Under this framework, a countervailable subsidy exists only if three elements are met simultaneously: (i) a government authority provides a "financial contribution"; (ii) a "benefit" is thereby conferred; and (iii) the subsidy is "specific" to an enterprise or industry.

Internationally, the same boundaries are set by GATT 1994 and the WTO SCM Agreement, which provide the multilateral definition and classification of subsidies. Article 1.1 of the SCM Agreement mirrors U.S. law by requiring a financial contribution that confers a benefit, confirming that general regulation or infrastructure is not a subsidy absent a targeted financial transfer.

The SCM Agreement further distinguishes prohibited export-contingent or import-substitution subsidies (Article 3) from actionable subsidies that are specific and cause adverse effects (Articles 2 and 5). Finally, the WTO "safe harbor" for indirect tax remission on exports—recognized in Footnote 1 and Annex I—means that non-excessive rebates or exemptions of indirect taxes are not considered subsidies.

III. STRUCTURE OF BRAZIL'S SOFTWOOD INDUSTRY

A. Industry Representation

The Brazilian Association of Mechanically Processed Timber Industry (*Associação Brasileira da Indústria de Madeira Processada Mecanicamente – ABIMCI*¹) serves as the primary representative body for Brazil's wood processing sector. Established in 1972, ABIMCI operated for over five decades as the central strategic coordinator for the industry, currently representing more than 140 member companies across the national territory. Its mandate encompasses the entire value chain of mechanically processed wood, ensuring that the sector's development is aligned with rigorous standards of quality, sustainability, and technical compliance demanded by international markets.

The Association's representation spans a comprehensive range of industrial segments essential to Brazil's forest economy, including plywood, sawnwood, wooden doors, flooring, mouldings, and pellets. Crucially, for the purposes of this investigation, ABIMCI's membership includes the principal Brazilian producers and exporters of softwood lumber products falling under the specific Harmonized Tariff Schedule of the United States (HTSUS) subheadings identified in the Department of Commerce's notice: 4407.1100 (Pine), 4407.1200 (Fir/Spruce), 4407.1300 (Other Pine/Fir/Spruce), 4407.1400 (Other Coniferous), and 4407.1900 (Other).

By consolidating the leading exporters under a single entity, ABIMCI functions as the authoritative voice for the Brazilian industry, directly representing the commercial interests responsible for the vast majority of softwood trade flows to the United States market.

The **Federation of Industries of the State of Santa Catarina (FIESC)**, the **Federation of Industries of the State of Paraná (FIEP)**, and the **Federation of Industries of the State of Rio Grande do Sul (FIERGS)** are the principal representative bodies of the industrial sector in Brazil's three southern states, where the country's softwood lumber production and exports are heavily concentrated. They represent leading companies engaged in pine plantation management, sawmilling, and downstream processing of softwood lumber and related products for the U.S. market.

Because the softwood value chain is a major employer, a significant generator of export revenue, and an anchor for regional development in these states, FIESC, FIEP, and FIERGS have a direct and substantial interest in the outcome of this submission. They support ABIMCI's comments to provide the Department of Commerce with an accurate, data-based understanding of the Southern Brazil softwood sector—which operates on

¹ <https://abimci.com.br>

private investment, market-based timber pricing, and compliance with international disciplines, thereby preventing the misclassification of normal regional development policies as softwood lumber subsidies.

B. Production Overview

Brazil's softwood lumber industry is underpinned by a highly productive, intensively managed forest base comprised almost exclusively of planted pine forests. Unlike many northern hemisphere producers that rely on natural stands, Brazilian production is derived from specific silvicultural investments in exotic species, strategically located to optimize biological growth and logistical efficiency.

i) Planted Area and Species Composition

The total area of planted pine forests in Brazil is estimated at approximately 1.9 million hectares². This productive base is dominated by two primary species of the genus *Pinus*, chosen for their adaptability to Brazil's subtropical climate and their suitability for mechanical processing.

Pinus taeda (loblolly pine) is the preeminent species, accounting for the majority of the planted area due to its rapid growth and favorable wood properties for sawnwood and plywood production. *Pinus elliottii* (slash pine) constitutes the secondary major species, also widely cultivated for timber and resin production. This reliance on specific, genetically improved species allows for a standardized, homogeneous raw material supply that supports industrial efficiency³.

ii) Geographic Concentration

Production is heavily concentrated in the Southern and Southeastern regions of Brazil, where climatic conditions, such as temperate temperatures and regular rainfall, are ideal for pine silviculture.

The state of Paraná serves as the central hub of the industry, hosting the largest contiguous pine plantations and a dense cluster of sawmills and plywood factories. The neighboring state of Santa Catarina is also a major producer, followed by Rio Grande do Sul, which has seen expanding investments.

Significant planted areas are also found in the state of São Paulo, particularly in regions

² Brazilian Tree Industry (Ibá), Relatório Anual 2024 (2024). Link: <https://iba.org/wp-content/uploads/2025/09/relatorio-ingles-2024-10-08-1.pdf>

³ Brazilian Tree Industry (Ibá), Relatório Anual 2024 (2024). Link: <https://iba.org/wp-content/uploads/2025/09/relatorio-ingles-2024-10-08-1.pdf>

adjacent to the southern states. This geographic clustering minimizes transportation costs between forest and factory, creating integrated industrial districts that operate without the need for government logistical subsidies⁴.

iii) Productivity

A defining characteristic of the Brazilian softwood sector is its exceptional biological productivity, driven by favorable environmental conditions and advanced silvicultural management rather than government financial support.

In the main producing regions of the South and Southeast (which account for approximately 90% of national production), pine plantations achieve a productivity estimated at 33m²/ha/year on average. This productivity rate is significantly higher than that of traditional producers in North America or Europe, allowing for shorter rotation cycles and a higher sustainable yield per hectare.

It is this natural comparative advantage, i.e. a function of climate, soil, and private investment in genetics, that underpins the competitiveness of Brazilian lumber, not artificial cost suppression.

C. Ownership and Market Structure

Brazil's softwood lumber industry is structurally distinct from many other major global producers due to the overwhelming dominance of private ownership in both land and biological assets. Unlike jurisdictions where timber is primarily harvested from public lands under government license, Brazil's production base is grounded in a private property regime characterized by direct ownership of forest assets and market-based transactions.

The vast majority of Brazil's planted pine forests are held by private entities, ranging from vertically integrated forest products companies to independent timberland investment organizations and individual landowners. This private tenure system ensures that investment decisions—planting, management, and harvesting—are driven by market signals and return-on-investment criteria rather than government allocation policies.

While public forests exist in Brazil, they are largely designated for conservation or sustainable management of native species in the Amazon region. Thus, the commercial

⁴ Sectorial Study. ABIMCI. 2022. Link: <chrome-extension://efaidnbnmnnibpcajpcglclefindmkaj/https://abimci.com.br/wp-content/uploads/2022/09/Estudo-Setorial-2022.pdf>

softwood plantations that supply the export market are almost exclusively located on private lands in the South and Southeast.

Consequently, there is no generalized system of government-administered stumpage pricing for softwood lumber, precluding the existence of the type of upstream subsidy programs often investigated in other jurisdictions.

Also, the sector operates within a robust legal framework of private land tenure (See Annexure C)⁵, where property rights are clearly defined, transferable, and protected by law. Land acquisition and use for forestry purposes occur through private real estate markets, with prices determined by supply and demand dynamics inherent to the agricultural and forestry real estate sectors.

Companies acquiring land for pine plantations do so at market rates, without access to government land grants or concessionary transfers that could be construed as a financial contribution. This structural reality reinforces the market-driven nature of the industry's cost base.

While large vertically integrated companies are significant players, the Brazilian wood supply market is also characterized by a diverse base of independent suppliers. Data indicates that small and medium-sized rural producers play a meaningful role in the supply chain, with approximately 12.6% of wood-producing properties classified as smallholdings⁶. This fragmented supply structure fosters a competitive market for standing timber and logs, where independent sawmills bid for raw material from a multitude of private growers. The presence of thousands of independent sellers prevents monopsonistic pricing and ensures that log transaction prices reflect genuine market equilibrium rather than administrative fiat.

Brazil's competitive performance is further evidenced by the substantial presence of U.S.-linked private capital across the forestry and softwood value chain in Brazil. Numerous U.S. companies, investment vehicles, and forest-focused funds maintain significant equity positions, long-term landholdings, and operational assets in Brazilian planted forests and wood-processing enterprises.

These investments have been made on a fully commercial basis, subject to ordinary market risks and returns, and reflect a rational expectation of profitability derived from Brazil's productivity, scale, and market-driven cost structure. The sustained and expanding participation of sophisticated U.S. investors—whose fiduciary mandate is to identify unsubsidized, economically efficient production platforms—corroborates that

⁵ *Constitution of the Federative Republic of Brazil art. 5, XXII (1988); Law No. 10.406, Civil Code of Brazil, arts. 1228 et seq. (Jan. 10, 2002)*

⁶ <https://www.sciencedirect.com/science/article/pii/S0921800923003166?via%3Dihub>

the sector’s viability is grounded in private-market fundamentals rather than state-conferred advantages.

In short, the material commitment of U.S. capital to Brazilian forestry underscores that industry competitiveness results from operational efficiency and investment attractiveness in an open market, not from countervailable subsidization.

IV. BRAZIL'S EXPORT PERFORMANCE

The United States remains a principal destination for Brazilian softwood exports, accounting for a substantial share of total shipments of pine sawnwood and related products. This position reflects long-standing commercial relationships, logistical efficiency, and product adaptation to U.S. market specifications, **especially for specific dimensions and grades that U.S. producers do not supply in sufficient volume.**

The strategic importance of the U.S. market heightens the motivation for Brazilian exporters to maintain a reputation as reliable, market-oriented suppliers that compete on commercial terms, not on trade-distorting government support. For the same reason, the sector is committed to presenting clear, data-driven evidence to Commerce showing that Brazil’s export performance reflects normal competitive advantages and market conditions.

A. Export Statistics

The export performance of the Brazilian softwood sector during the period under review (January 1, 2025, through June 30, 2025) demonstrates robust activity driven by market demand, albeit within a competitive pricing environment.

Brazilian exports of softwood lumber to the U.S. totaled **270,606.00 m³** in volume and **USD 80,932,458.00** in value between January and June 2025, resulting in an average unit price of **USD 301.72 per ton.:**

Table A.1: Brazilian Exports of Softwood Lumber to the U.S. (HTSUS 4407.11, 4407.12, 4407.13, 4407.14, 4407.19

Month	Volume (m ³)	Value (USD FOB)	Price (USD FOB/m ³)
2025 (Jan-Jun)	270.606,00	80.932.458,00	301,72
jan/25	43.736,00	13.074.915,00	298,95
Feb 2025	1.969,00	6.487.265,00	329,47
mar/25	53.863,00	17.301.664,00	321,22
Apr 2025	52.195,00	15.282.364,00	292,79
May 2025	4.423,00	12.307.415,00	278,26

jun/25	56.892,00	16.478.835,00	289,65
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Source: USITC's Dataweb.

Compared with the same period in 2024, export performance increased across the board: **volumes rose by 12.74%, export values grew by 17.92%, and average prices increased by 5.26%**. Importantly, these year-on-year variations underscore that Brazilian exports are **not following a steady, artificially supported trajectory**. Instead, the observable fluctuations in volume, value, and prices are consistent with **normal market-driven dynamics** (e.g., changes in demand, exchange rates, freight costs, and input prices), which **corroborates the absence of any systematic subsidy program** sustaining Brazilian softwood lumber exports to the U.S.

B. Market Dynamics Analysis

The export data for the first half of 2025 reveals a market environment governed by competitive commercial forces rather than government distortion. The observed trends, specifically the decline or stabilization of unit prices amidst rising export volumes, provide strong economic evidence countering allegations of subsidy-driven market behavior.

The decrease in average unit values for pine sawnwood (-2%) and pine plywood (-7%) during a period of expanding volume is consistent with standard supply and demand mechanics in a competitive commodity market.

In a hypothetical subsidized environment characterized by price supports or guaranteed government purchases, one would expect to see prices artificially maintained above market-clearing levels even as supply increases. Instead, Brazilian exporters have adjusted pricing to align with U.S. market conditions, reflecting a rational response to buyer demand and global inventory levels.

This price sensitivity demonstrates that Brazilian producers are price-takers operating on thin margins, not beneficiaries of state aid that would insulate them from market realities.

Thus, there is no evidence in the trade data of systematic below-market pricing that could be attributed to government cost suppression. The competitiveness of Brazilian softwood in the U.S. market is structurally driven by the industry's high biological productivity (short rotation cycles and high yield per hectare) and the integrated nature of forest-to-mill operations in the Southern region.

These are natural comparative advantages, not countervailable subsidies. Furthermore, the price behavior observed in the first half of 2025 correlates with broader macroeconomic factors—including exchange rate fluctuations between the Brazilian

Real (BRL) and the U.S. Dollar (USD) and shifts in oceanic freight rates—rather than any new government policy or financial injection.

C. Strategic Importance of the U.S. Market

The United States remains a principal destination for Brazilian mechanically processed wood products, absorbing a significant share of total exports in the softwood category. This deep integration into the U.S. supply chain means that Brazilian producers are highly responsive to U.S. housing starts and construction activity.

The increase in export volumes during the review period reflects this responsiveness to U.S. demand signals rather than a supply-push strategy driven by non-market government incentives. The trade flows are thus a function of commercial opportunity and established customer relationships, operating entirely independent of government subsidy programs.

V. SYSTEMATIC ANALYSIS: ABSENCE OF COUNTERAVAILABLE SUBSIDIES

The central finding of this petition is that the Brazilian softwood lumber industry do not benefit from countervailable subsidies as defined under U.S. law and the WTO SCM Agreement. A systematic review of government programs during the period of investigation (January 1, 2025, through June 30, 2025) confirms the absence of financial contributions that confer a benefit specific to this sector.

A. No Direct Financial Transfers or Credit Access

There were no federal or sub-national schemes providing grants, equity infusions, cash payments, or other direct budgetary support to softwood lumber producers. Industry operations and expansion were financed through retained earnings and ordinary commercial credit.

Public measures relating to forestry in the relevant period were directed to broad environmental conservation, land restoration, and biodiversity goals. They were not designed to support commercial pine plantations or lumber production, did not finance the planting of exotic pine species, and were not available to, or used by, the export-oriented softwood sector.

Regarding credit access, the sector's financing is primarily obtained through private banking and capital markets at market interest rates, without government guarantees or suppressed rates.

B. No Government Provision of Goods or Services Below Market Value

Brazil does not operate a government-administered stumpage or timber supply system. Unlike jurisdictions where the state acts as the primary supplier of timber and sets administrative prices, the Brazilian market for standing timber and logs is fundamentally driven by private-sector transactions.

The overwhelming majority of timber used for softwood lumber production in Brazil is sourced from privately owned plantations. Transactions occur directly between private forest owners and independent sawmills or within vertically integrated private companies. Pricing in these transactions is determined by market forces, such as supply availability, logistical costs, quality specifications, and demand from multiple competing sectors (e.g., pulp, panels, energy). Consequently, there is no government mechanism to suppress timber costs below market levels and prices reflect the true commercial value of the resource.

Brazil does not maintain a system of provincial or federal stumpage akin to the models often investigated in other North American trade cases. There are no "administratively set" timber prices for the softwood sector that dictate market floors or ceilings.

This structural reality means that the "provision of goods for less than adequate remuneration"—a key test for subsidies under U.S. law—cannot be established, as the government is not a significant supplier and does not control the pricing mechanism for the industry's primary input.

C. No Land-Based Subsidy

The acquisition and utilization of land for forestry purposes in Brazil are governed by private market principles and a well-established legal framework for property rights, precluding the existence of land-based subsidies.

There is no evidence of systematic land grants, free transfers, or below-market allocations to pine plantation owners or lumber producers during the review period. Forestry companies expand by purchasing or leasing land at market-clearing prices in competitive real-estate markets.

The sector has faced strong competition from other crops, such as grain production, and has at times lost ground, which demonstrates that Brazilian producers operate under market forces and without any subsidies for land acquisition.

Thus, Brazil's constitutional and civil-law protections of private property (Appendix C), coupled with public land registries, ensure transparent tenure and traceability, leaving no room for disguised concessionary land transfers.

D. Tax Incentives do not confer sector-specific benefits

During the review period (January–June 2025), there were no federal tax incentive programs targeted specifically at the softwood lumber sector. Forestry and wood processing companies are subject to the standard corporate income tax regime applicable to all Brazilian industries. They do not enjoy preferential tax rates, special deductions, or tax holidays that are "specific" to the forest sector within the meaning of the SCM Agreement or U.S. law.

Therefore, Brazil's treatment of taxes on exports adheres strictly to WTO disciplines.

E. No Income or Price Support

There is no mechanism in Brazil for the government to purchase softwood lumber at guaranteed prices. Brazilian producers sell their output entirely into the private domestic and export markets, where prices fluctuate freely according to supply and demand.

Consequently, Brazilian producers bear the full risk of market volatility. There are no floor prices for logs or lumber, and no deficiency payments are made to compensate producers when market prices fall below production costs.

The structural characteristics of the Brazilian industry are: predominantly private forest ownership, private land tenure, and decentralized private-to-private timber transactions. In cases where countervailing duties have been imposed on softwood lumber (most notably against Canada), the central finding has often been the government's role as the dominant supplier of timber at administratively set prices. Brazil possesses no such system. The state does not own the commercial resource base, does not set stumpage fees, and does not control the allocation of timber rights.

This fundamental structural divergence means that the primary mechanism for upstream subsidization identified in other trade remedy cases is factually absent in Brazil. The industry's competitiveness is derived from silvicultural efficiency and private capital investment, operating within a free-market pricing environment

VI. CONCLUSION

Based on the comprehensive evidence and legal analysis presented in this report, **ABIMCI respectfully states that the Brazilian softwood lumber industry operates on a competitive, market-driven basis that is fundamentally free of countervailable subsidies.** The systematic application of the statutory tests under 19 U.S.C. § 1677(5)(B) to the period of review (January 1, 2025, through June 30, 2025) confirms that:



1. No Financial Contribution: There is no government provision of goods (stumpage) for the vast majority of production, as the industry relies on private timber markets.
2. No Benefit: Inputs—including land, timber, and capital—are acquired at market rates. Export prices for softwood lumber have declined in response to market forces, refuting the existence of artificial price support.
3. No Specificity: Available tax and credit programs are horizontal in nature, accessible to a broad range of industries, and compliant with WTO safe harbors for export tax remission.

Consequently, there is no factual or legal basis for the Department of Commerce to identify Brazil as providing subsidies to its softwood lumber sector in the mandated report to Congress. ABIMCI stands ready to provide any further verification required to substantiate these findings.

Brazilian Association of Mechanically Processed Timber Industry (ABIMCI)
Federation of Industries of the State of Santa Catarina (FIESC)
Federation of Industries of the State of Paraná (FIEP)
Federation of Industries of the State of Rio Grande do Sul (FIERGS)

VII. APPENDICES

Appendix A: Statistical Data on Brazilian Pine Production and Exports (2024–2025)

The following tables present statistical data derived from USITC’s Dataweb, documenting the export performance of Brazilian softwood lumber products to the United States. These figures substantiate the analysis provided in Section IV regarding volume trends and unit price behavior during the period of review (January–June 2025) and the preceding year.

Table A.1: Brazilian Exports of Softwood Lumber to the U.S. (HTSUS 4407.11, 4407.12, 4407.13, 4407.14, 4407.19)

Monthly aggregated volumes (Cubic Meters - m³), FOB Values (USD) and Price (USD FOB/m³)

Period	Volume (m ³)	Value (USD FOB)	Price (USD FOB/m ³)
2024 Total	434,680	127,316,510	294,52
Jan 2024	41,702	11,778,608	282,45
Feb 2024	49,963	13,627,566	272,75
Mar 2024	34,528	10,393,147	301,01
Apr 2024	39,351	11,090,756	281,84
May 2024	44,297	13,112,627	296,02
Jun 2024	30,190	8,628,896	285,82
Jul 2024	38,381	10,842,433	282,49
Aug 2024	35,451	10,801,638	304,69
Sep 2024	34,072	9,880,153	289,98
Oct 2024	26,757	7,975,454	298,07
Nov 2024	29,706	9,217,039	310,28
Dec 2024	30,277	9,968,190	329,23
2025 (Jan-Jun)	270,606	80,932,458	301,72
Jan 2025	43,736	13,074,915	298,95
Feb 2025	19,690	6,487,265	329,47
Mar 2025	53,863	17,301,664	321,22
Apr 2025	52,195	15,282,364	292,79

Period	Volume (m ³)	Value (USD FOB)	Price (USD FOB/m ³)
May 2025	44,230	12,307,415	278,26
Jun 2025	56,892	16,478,835	289,65

Source: USITC's Dataweb.

Table A.2: Average Export Price (USD/m³) by Quarter

Derived from total quarterly FOB value divided by total quarterly volume

Quarter	Average Unit Value (USD/m ³)	% Change (QoQ)
Q1 2024	285.40	-
Q2 2024	287.89	+0.87%
Q3 2024	292.39	+1.56%
Q4 2024	312.53	+6.89%
Q1 2025	316.55	+1.29%
Q2 2025	286.90	-9.36%

Source: USITC's Dataweb.

Appendix B: Brazilian Land Tenure Legal Framework

This appendix provides a summary of the primary legal instruments governing land ownership and rural property rights in Brazil. These laws establish a transparent, private-property-based regime that precludes the existence of the opaque government land allocation schemes often associated with subsidies in other jurisdictions.

1. Constitution of the Federative Republic of Brazil (1988)

- The Constitution explicitly guarantees the right to property as a fundamental right in Article 5, XXII, affirming its inviolability and protection under the law.
- Additionally, Article 170, II establishes private property as a founding principle of the national economic order, reinforcing the legal foundation for private ownership.
- Therefore, these constitutional provisions ensure that forest assets and other properties are held privately and protected from arbitrary state interference, thereby reinforcing the market-based nature of the sector's asset base and affirming that property must observe its social function while enjoying full legal protection.

2. The Civil Code (Law No. 10.406 of January 10, 2002)

- The Civil Code serves as the primary statute governing real rights (*rights in rem*) and property relations in Brazil.
- **Article 1.228:** Defines ownership as the full right to use, enjoy, and dispose of the property, and the right to reclaim it from anyone who unjustly possesses it. This absolute ownership model contrasts with concession-based systems where the state retains underlying title.
- **Article 1.231:** Establishes the presumption that property is full and exclusive until proven otherwise, securing the landowner's rights against third-party claims.
- **Article 1.245:** Stipulates that the transfer of real property inter vivos is only effective upon registration in the Real Estate Registry. This mandates a formal, traceable chain of title for all land acquisitions by forestry companies.

3. Public Records Law (Law No. 6.015 of December 31, 1973)

- This law regulates the system of public registries, which is the backbone of legal security for land tenure in Brazil.



- Real Estate Registry (*Cartório de Registro de Imóveis*): Every rural property must be matriculated (*matrícula*) with a unique identification number. All transactions—sales, mortgages, leases, and subdivisions—must be recorded on this document.
- Transparency: These records are public. Any interested party can obtain a certified copy of a property's history, ensuring that land acquisitions by the forest industry are transparent and verifiable.
- The strict registration requirement ensures that the government cannot allocate land use rights to companies without leaving a public record.

4. Rural Land Statute (Law No. 4.504 of November 30, 1964)

- This statute regulates the social function of land and rural contracts. It establishes the legal framework for rural leasing (*arrendamento*) and partnerships (*parceria*), which are common mechanisms for timberland investment companies to partner with landowners. These are private contracts governed by specific legal parameters, ensuring fair market terms between parties.

5. Law on Foreign Ownership of Rural Land (Law No. 5.709 of October 7, 1971)

- Regulates and limits the acquisition of rural land by foreign entities. While restrictive, it confirms that land access is a matter of regulated market purchase, not administrative grant. Foreign-controlled companies must navigate these restrictions by purchasing land at market prices or entering into long-term supply contracts, further evidencing the absence of state-subsidized access.

December 5, 2025

VIA REGULATIONS.GOV

Mr. Christopher Abbott
Assistant Secretary for Enforcement and Compliance
U.S. Department of Commerce

*Re: Softwood Lumber Subsidies Report to Congress; Request for Comment on Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States - **Corrigendum***
Docket No. ITA-2025-0103

Dear Assistant Secretary,

On behalf of ABIMCI, along with FIESC, FIEP, and FIERGS, we would like to make the following corrections with respect to the document sent yesterday:

- 1) with respect to forest productivity (page 7), the correct unit is m³/ha/year, not m²/ha/year
- 2) as regards to export statistics (page 9), the average price is expressed in m³, not in tons – that means USD 301.72/m³, not “per ton”

We therefore request that these corrections be taken into consideration during the review of the submitted statement.

Respectfully submitted,



Welber Barral
Gilvan Brogini
Maria Eduarda H. Milki
Counsel
trade@barralparente.com.br
SHIS Q1 25 CJ 12 cs 15 - Brasilia DF Brazil

COMMENT 3



December 4, 2025

The Honorable William Kimmitt
Under Secretary for International Trade
International Trade Administration
U.S. Department of Commerce

Re: “Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment Pursuant to the Softwood Lumber Act of 2008” (Docket No. ITA-2025-0103)

Dear Under Secretary Kimmitt:

I am submitting this comment on behalf of Supply Build Canada, an association of Canadian building materials suppliers which have significant operations in the United States and support U.S. homebuilders and consumers. We appreciate the opportunity to comment on the International Trade Administration’s review of alleged subsidy programs related to softwood lumber exports.

Canadian softwood lumber composes nearly 30 percent of all U.S. softwood lumber consumption, and the United States is a significant market for nearly all of our members, supporting thousands of U.S. jobs in every community across the nation. The U.S. and Canadian softwood lumber markets are deeply intertwined and codependent. We respectfully submit that the premise underlying much of recent U.S. trade policy with respect to the longstanding softwood lumber dispute—the notion that Canada subsidizes its lumber industry in a way that distorts trade—is inconsistent with the economic realities of timber harvesting in Canada, the structure of Canadian forest-management systems, and decades of consistent findings from international trade bodies. We encourage the ITA and the Administration to consider these facts as it continues to engage with the Canadian government on the softwood lumber issue.

The suggestion that Canadian stumpage systems provide an unfair financial benefit arises from an apples-to-oranges comparison across jurisdictions that does not adequately address the costs and obligations associated with the unique administrative systems. In practice, stumpage is only one component of a far larger and far more costly regulatory and operational environment in Canada. Harvesting timber in British Columbia, for example, requires operating in remote, mountainous terrain that demands extensive road-building, steep-slope logging, long hauling distances, and constant investment in safety and environmental protection. Producers receive no subsidies to offset these substantial





obligations, and they must finance reforestation, wildlife-habitat protections, Indigenous consultation, wildfire mitigation requirements, and compliance with some of the strictest environmental and sustainability rules in the world. But despite these challenges, this industry—the third largest in Canada—exists because of the strong demand for Canadian softwood products, including in the United States.

Canadian government programs that do exist—primarily research and market-development initiatives—are limited and modest in scale relative to total industry output.ⁱ They are broadly accessible, with many available to a wide range of industries beyond lumber, and not tied to export performance or price suppression. As the Congressional Research Service has observed, these programs do not constitute the type of targeted, distortive support that U.S. countervailing duty law is intended to capture.ⁱⁱ New government programs, such as recently announced loans and loan guarantees for softwood lumber producers, are in response to recent increased duties and tariffs from the United States that have led to mill closures and job losses across the Canadian lumber industry.

It is equally important to recognize that Canadian producers face structural disadvantages relative to many U.S. competitors. British Columbia's regulatory regime imposes significant obligations, including mandatory reforestation, biodiversity requirements, carbon-management measures, and Indigenous consultation. These obligations add substantial cost to harvested timber. The notion that such an environment results in artificially cheap lumber does not withstand scrutiny.

Any evaluation of alleged subsidies must also consider the needs and realities of the U.S. construction sector. The American homebuilding industry depends heavily on Canadian spruce-pine-fir (SPF) lumber, which serves as the primary framing material in U.S. residential construction. Testimony from the National Association of Home Builders has repeatedly emphasized that domestic U.S. lumber production cannot meet demand and that Canadian SPF is critical for filling the supply gap needed to sustain homebuilding and control costs.ⁱⁱⁱ In a typical year, Canadian imports supply roughly one-quarter to one-third of U.S. softwood lumber consumption. This material reliability is essential for new-home construction, particularly as the United States continues to face an estimated shortage of four million homes nationwide.

Keeping the historically elevated rate of duties, or imposing new duties, based on inaccurate or incomplete assessments of Canadian programs would raise U.S. lumber costs, slow residential construction, and worsen affordability challenges already felt across the country. Recent data shows that increased duties and new tariffs have not



Supply-Build Canada

Formerly the Western Retail Lumber Association

102-226 Osborne St. N.
Winnipeg, MB R3C 1V4
TF: (800) 661-0253
www.supplybuild.ca



raised the price of U.S.-produced lumber, because Canadian lumber is essential to maintain a flexible and robust market across the U.S. Moreover, previous duties have shown that even modest increases in softwood lumber costs translate into meaningful increases in the price of new homes and rental units. A recent economic impact study our association commissioned found that the recent increase in countervailing and anti-dumping duties to 34.5% increase overall single-family housing construction costs in the U.S. by up to \$6,000, or an average 1.4% increase over existing costs. These increased costs matter when it comes to enabling the construction of new homes, and the economic impacts fall directly on American families and homebuilders, not just Canadian producers.

North American lumber markets are highly integrated, and any artificial restriction on Canadian supply also disrupts U.S. supply chains. Canadian mills, transportation networks, and forestry operations support U.S. builders, U.S. manufacturers of wood products, and retailers across the country. Restricting this supply flow—especially under incorrect assumptions about subsidization—would weaken the resilience of the U.S. housing sector and harm businesses on both sides of the border.

For these reasons, we respectfully urge the International Trade Administration to recognize that Canadian softwood lumber is produced in a high-cost, heavily regulated environment that does not provide countervailable subsidies. International rulings have repeatedly affirmed this reality, and U.S. homebuilders rely on Canadian SPF to maintain stable construction activity and support housing affordability. Extending the current duty rates, or increasing them further, under these circumstances would harm American consumers, constrain new housing supply, and undermine the integrated North American lumber market.

Thank you for the opportunity to comment.

Sincerely,

Liz Kovach
President
Supply Build Canada



Leading a stronger building materials industry.

Supply-Build Canada

Formerly the Western Retail Lumber Association

102-226 Osborne St. N.
Winnipeg, MB R3C 1V4
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ⁱ U.S. Department of Commerce, *Softwood Lumber Subsidies Semi-Annual Report to Congress*, December 15, 2020

ⁱⁱ Congressional Research Service, *Softwood Lumber Imports from Canada: Current Issues*, CRS Report R42789.

ⁱⁱⁱ National Association of Home Builders, “*Comments on Section 232 National Security Investigation of Imports of Timber and Lumber*”, March 31, 2025



Leading a stronger building materials industry.

COMMENT 4

BakerHostetler

Baker & Hostetler LLP

Washington Square, Suite 1100
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5403

T 202.861.1500
F 202.861.1783
www.bakerlaw.com

Elliot J. Feldman
direct dial: 202.861.1679
EFeldman@bakerlaw.com

December 10, 2025

Mr. Christopher Abbott
Deputy Assistant Secretary for Policy
and Negotiations, performing the non-
exclusive functions and duties of the
Assistant Secretary for Enforcement and
Compliance
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

*Re: Comments Regarding Subsidy Programs Provided By Countries Exporting
Softwood Lumber And Softwood Lumber Products To The United States (90 Fed.
Reg. 52914)*

Dear Deputy Assistant Secretary Abbott:

We submit these comments on behalf of the Conseil de l'industrie forestière du Québec ("CIFQ") and the Ontario Forest Industries Association ("OFIA") (collectively, "Central Canada") in response to the request by the U.S. Department of Commerce ("the Department") for comments on Subsidy Programs Provided by Countries

Exporting Softwood Lumber and Softwood Lumber Products to the United States.¹

These comments are being filed after the original deadline of December 4, 2025. Resolute contacted the Department on December 9 and was given permission to file the comments today, December 10, due to difficulties in meeting the December 4 deadline. The Department normally has set a thirty-day deadline for comments on the softwood lumber subsidy programs.² For the congressional reporting period covering the first half of 2025, the Department published the request for comments on Monday, November 24, 2025, only three days before the Thanksgiving holiday, and fixed a deadline within only ten days, largely consumed by the long holiday weekend. Central Canada appreciates the Department's recognition of difficulties in meeting the December 4 deadline.

Central Canada, in all prior submissions since 2018,³ has reviewed the programs the Department presently is countervailing that are related, even tangentially or marginally, to softwood lumber imports from Canada, as many relate only to the

¹ See *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment*, 90 Fed. Reg. 52914 (Dep't Commerce November 24, 2025). The Department has prepared its Softwood Lumber Subsidies Reports to Congress in connection with its obligations under the Softwood Lumber Act of 2008 to ensure compliance with the Softwood Lumber Agreement of 2006 between Canada and the United States ("SLA 2006") and to monitor, verify, and report on export charges collected under that agreement. The purpose for the Department's Softwood Lumber Subsidies Reports expired on October 12, 2015, with the expiration of SLA 2006. However, as the reporting requirement is still in force, the Department continues to solicit comments and to report to Congress. See 19 U.S.C. § 1683g(b) (section 805 of title VIII of the Tariff Act of 1930 (the Softwood Lumber Act of 2008)).

² See, e.g., *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment*, 90 Fed. Reg. 15333 (Dep't Commerce Apr. 10, 2025) (deadline of May 12, 2025); *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment*, 89 Fed. Reg. 82986 (Dep't Commerce Oct. 15, 2024) (deadline of Nov. 14, 2024).

³ To our knowledge, Central Canada was the only party to submit public comments in this twice a year exercise until 2025.

production of pulp or paper, even electricity, but not softwood lumber. This dispute takes place in the context of a longstanding trade and economic relationship, built upon successive free trade agreements starting in 1965 with the Canada-U.S. Auto Pact.⁴ As Central Canada has explained, both in bi-annual comments to the Department and in the underlying CVD proceedings, the Department's imposition of countervailing duties on Canadian softwood lumber is inconsistent with U.S. law, violative of the United States' World Trade Organization ("WTO") commitments, and contrary to the U.S. Government's own policies (past and present) on issues such as energy conservation, forest sustainability, and climate change.

The Department has ignored the plain meaning of the CVD statute, and misapplied its own regulations, to find subsidies where none exists. Central Canada does not repeat its arguments in these Comments but refers the Department, instead, to Central Canada's Rule 61.1 Brief filed on November 13, 2025 in *Certain Softwood Lumber from Canada: Final Results and Final Rescission, in Part, of the Countervailing Duty Administrative Review; 2020: USA-CDA-2022-10.12-03* for Central Canada's most recent discussion of alleged subsidies for producers of Québec and Ontario softwood lumber.

The principal and preferred forum for resolving the dispute over the countervailability of alleged Canadian subsidies to softwood lumber should be the binational panel system: Chapter 19 in the original Canada-United States Free Trade

⁴ The Canada-U.S. Auto Pact, or Automotive Products Trade Agreement of 1965, was a trade agreement between Canada and the United States that eliminated tariffs on most automotive parts and equipment traded between the two countries. The agreement was signed in January 1965 by President Lyndon B. Johnson and Prime Minister Lester B. Pearson, and expired on February 19, 2001.

Agreement (“FTA”), followed by Chapter 19 of the North American Free Trade Agreement (“NAFTA”), and now Chapter 10 of the Canada-United States-Mexico Agreement (“CUSMA”). Canadian Parties, including Central Canada, have appealed to binational panels every final CVD determination issued by the Department since 2018. Yet, the Canadian Parties continue to await resolution to the appeal of the Final Determination (now pending before a binational panel after remand) and of the Final Results of the first administrative review (awaiting a final binational panel decision, now postponed a third time, until March 8, 2026). And while these appeals remain pending, so does the appeal of the Final Results in the second administrative review following oral argument in July 2025. The appeal of the Final Results in the third administrative review is just now being briefed, and the fourth and fifth reviews are pending establishment of binational panels.

Since the start of 2025, the U.S. trading system has experienced numerous shocks, including the inexplicable imposition of Section 232 duties on Canadian softwood lumber and derivative products. These duties now add 10% to the price of Canadian softwood lumber in the United States where U.S. importers continue to pay unjustified CVD (in addition to antidumping) duties. No appeal of determinations and final results dating back to 2017 has been resolved.

Central Canada refers the Department to the voluminous briefing in the appeals of imposed countervailing duties, confident that a proper application of the law, and an acceptance of substantial record evidence, will lead to arbitral decisions that Canadian softwood lumber imported into the United States does not benefit from countervailable subsidies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "E. Feldman". The signature is fluid and cursive, with the first name "E." and the last name "Feldman" clearly distinguishable.

Elliot J. Feldman
Michael S. Snarr
Ronald J. Baumgarten
Tung A. Nguyen

Counsel to The Conseil de l'industrie forestière du
Québec and The Ontario Forest Industries
Association

COMMENT 5

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Comment on FR Doc # 2025-20737

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Comment

I recommend America adopt more socialist policies, similar to what weak and eeble trump did by buting government stakes in NVDA, AMD and other businesses. This is what China does ie, state sponsored capitalism. The corrupt capitalists in America know the game is up and i we want to compete with China we are going to have to go hard to Socialism.

DOge should have cut the commerce department, we see the trump administration corruption with Homan taking bribes, trump crypto quid pro quo to name just a couple. The game is up capitalism is corrupt and wasteful, with this many people in the world conservation is necessary.

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PROPIN CONFIDENTIAL

ITA-2025-0103

Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States

I am Requesting Approval for the Subsidy Programs and Exemption for the Application for Imported and Domestic Products, under the International Trade Administration, the Secretary and Department of Agriculture, the U.S. Department of Commerce, the Environmental Protection Administration, the Department of Health and Human Services, the Department of Labor, the Department of Education, the Federal Aviation Administration and Administrator, the Office of Personnel Management, the Department of the Treasury and Secretary, the Secretary of State, the Department of Defense, the Department of Homeland Security, the Department of Justice, the Department of the Interior, Congress, Federal Bureau of Investigation, Governor, Office, and all agencies and departments involved, on my behalf and request for the establishment of the Programs:

Grown in the United States Program by the authority of the Secretary of Agriculture, the Authorization of Appropriations Program by the authority of Secretary of the Treasury, and the Pilot Program by the authority of the Secretary of Agriculture, and the Trade Agreements Extension Program by the authority of the President of the United States.

The United State's establishment of the Programs will improve standards by promoting domestically produced goods, increase the demand of harvest production for both domestic and international exportation, improve the labeling and branding of products for trade purposes, and will stimulate economic growth for the United States and strengthen relations with foreign countries by open and non-discriminatory trading in the free world all relevant for the United States Department of Agriculture, industry, mining and Commerce. All Programs are beneficial for increasing production, expanding domestic and foreign markets, will provide a better tracking mechanism for origin labeling for authentication of goods and also assist with tracking of goods for domestic use reporting and taxation analysis for future reports to Congress, to include information from the Pilot Program. The Authorization of the Appropriations Program by the Secretary of the Treasury, will appropriate the sums determined that are be to carry out the purposes of the Programs.

Thank you

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Acts relevant to regulations for the Programs:

Food Security Act of 1985

Collection of Unpaid Taxes Act of March 2, 1936

Appropriations for Refunds and Payments of Processing and Related Taxes and Limitations Thereon Act of July 20, 1946

The Trade Agreements Extension Act of 1955

Trade Expansion Act of 1962

The Tariff Classification Act of 1962

The Operations Act of September 7, 1957

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