

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 33rd Softwood Lumber Subsidies Report to Congress, we are relying on a six-month period (*i.e.*, January 1, 2024, through June 30, 2024) to identify the countries subject to review. Given the large number of countries that export softwood lumber and softwood lumber products to the United States, 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, 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, 2024, through June 30, 2024.²

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, 2024, through June 30, 2024, 49 countries exported softwood lumber and softwood lumber products to the United States.

² During the period, Canada accounted for 84.31 percent, Germany 6.17 percent, Sweden 2.81 percent, Brazil 1.39%, and Austria 1.33 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.

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 fifth 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 signed the Softwood Lumber Agreement (SLA), a bilateral accord between the United

³ As stated above, this report presents public information on subsidies in place during the period January 1, 2024, through June 30, 2024, 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; and *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.

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.

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 Since the 32nd lumber subsidies report, no new Subsidy Notifications were made available for Brazil, Canada, and the European Union (EU) for Austria, Germany, and Sweden. 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 EU is subject to review every two years. Canada and Brazil are subject to review every four years. The TPR documents for each Member are available from the WTO Secretariat and are available on the WTO's website.¹¹ Since the 32nd lumber subsidies report, Canada's TPR was made publicly available.¹² No other country underwent a TPR since the last lumber subsidies report. For information on the most recent TPRs, *see* the "Subsidies Provided" section below.

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/tp_r_e/tp_rep_e.htm#bycountry

¹² *See* WT/TPR/S/455/Rev.1 (November 9, 2024).

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.¹³

D. Public Comment

On October 15, 2024, Commerce published a notice in the *Federal Register* soliciting public comments on subsidies provided by Austria, Brazil, Canada, Germany, and Sweden on softwood lumber or softwood lumber products for inclusion in this report.¹⁴ No parties submitted comments for this report.

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				
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

¹³ 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.

¹⁴ See *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment*, 89 FR 82986 (October 15, 2024).

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

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 IV 2nd Review Final Results*; ¹⁵ *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
 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*, and *Lumber V Fifth Review Final Results*, Commerce found that the provincial governments provided a

¹⁵ 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*.

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.¹⁶ 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.¹⁷

- 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 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).¹⁸

¹⁶ 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; and *Lumber V Fifth Review Final Results* IDM at 8-9.

¹⁷ 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; and *Lumber V Third Review Final Results* IDM at 14.

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 (November 9, 2024) at 12, 80, and 144.

¹⁸ See *Lumber V Final Determination* IDM at 11.

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.¹⁹

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.²⁰

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 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."²¹

5. Atlantic Investment Tax Credit (ITC)

¹⁹ See *Lumber V Second Review Final Results* IDM at 13.

²⁰ 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; and *Lumber V Fifth Review Final Results* IDM at 12.

²¹ 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.

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.²²

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.²³

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 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.²⁴

²² 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.

²³ 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; and *Lumber V Fifth Review Final Results* IDM at 13.

²⁴ See *Lumber V Final Determination* IDM at 18; see also *Lumber V Third Review Final Results* IDM at 26.

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.²⁵

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 are done in collaboration with the GOC under NRII, which pertain to resource utilization, tree and wood quality, and wood physics.²⁶ The NRII is periodically reinstated.²⁷

²⁵ See *Lumber IV 2nd Review Final Results* IDM at 16-17.

²⁶ The area of wood science is concerned with the physical and mechanical properties of wood and the factors which affect them.

²⁷ See *Lumber IV 2nd Review Final Results* IDM at 17-18.

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.²⁸

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.²⁹

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.³⁰

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 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

²⁸ 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; and *Lumber V Fifth Review Final Results* IDM at 12-13.

²⁹ See *Lumber V Expedited Review Final Results* IDM at 11.

³⁰ 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.

for the additional six percent CCA, it may still qualify for an additional two percent deduction (for a total depreciation rate of six percent).³¹

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 43.1.³²

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.³³

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 have restrictions on industries or enterprises that can participate, and participants may include private sector Canadian firms, research institutions, and non-profit organizations.³⁴

³¹ 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; and *Lumber V Fifth Review Final Results* IDM at 12.

³² See *Lumber V Second Review Final Results* IDM at 21.

³³ See *Lumber V Third Review Final Results* IDM at 14; see also *Lumber V Fourth Review Final Results* IDM at 10; and *Lumber V Fifth Review Final Results* IDM at 9.

³⁴ See *Lumber V Fifth Review Final Results* IDM at 9.

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 2016.³⁵

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 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.³⁶

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

³⁵ See *Lumber V Final Determination* IDM at 11; see also *Lumber V First Review Final Results* IDM at 15.

³⁶ 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.

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.³⁷

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.³⁸

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.³⁹

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.⁴⁰

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

³⁷ 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.

³⁸ See *Lumber V First Review Final Results* IDM at 15.

³⁹ *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.

⁴⁰ 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; and *Lumber V Fifth Review Final Results* IDM at 13-14.

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 greenhouse gases (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.⁴¹

8. Load Shedding Services for Imports

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 availability offered and for the tripping of electricity pursuant to contracts between the AESO and the providers.⁴²

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.⁴³

⁴¹ See *Lumber V Second Review Final Results* IDM at 13; see also *Lumber V Third Review Final Results* IDM at 15.

⁴² 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; and *Lumber V Fifth Review Final Results* IDM at 10.

⁴³ See *Lumber V Second Review Final Results* IDM at 22.

10. TIER Emissions Offsets

The GOA manages an GHG emissions trading system for industrial facilities through the *Technology Innovation and Emissions Reduction Regulation* (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 emissions offsets or emissions performance credits (EPC) 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.⁴⁴

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.⁴⁵

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

⁴⁴ See *Lumber V Third Review Final Results* IDM at 15; see also *Lumber V Fifth Review Final Results* IDM at 10.

⁴⁵ See *Lumber V Final Determination* IDM at 11-12; see also *Lumber V First Review Final Results* IDM at 16; and *Lumber V Third Review Final Results* IDM at 16; and *Lumber V Fifth Review Final Results* IDM at 10-11.

customers on a monthly basis based on the number of megawatts (MW) bid into the program at a fixed dollar per MW price.⁴⁶

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.⁴⁷

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 making a purchase. Companies may then purchase colored fuel at the reduced motor fuel tax rate.⁴⁸

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.⁴⁹

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

⁴⁶ See *Lumber V Final Determination* IDM at 12.

⁴⁷ *Id.*; see also *Lumber V First Review Final Results* IDM at 16; *Lumber V Second Review Final Results* IDM at 14; and *Lumber V Fifth Review Final Results* IDM at 10.

⁴⁸ 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; and *Lumber V Fifth Review Final Results* IDM at 14.

⁴⁹ 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; and *Lumber V Fifth Review Final Results* IDM at 15.

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.⁵⁰

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.⁵¹

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: research, product development, and international marketing. FII grants support product development and international marketing for Canadian softwood lumber producers.⁵²

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.”⁵³

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

⁵⁰ See *Lumber V Final Determination* IDM at 15-16.

⁵¹ *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; and *Lumber V Fifth Review Final Results* IDM at 16.

⁵² See *Lumber IV 2nd Review Final Results* IDM at 18.

⁵³ *Id.* at 18-19.

Training. The BC ETG successor program operates in effectively the same manner as the Canada – BC Job Grant program.⁵⁴

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.⁵⁵

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.⁵⁶

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.⁵⁷

⁵⁴ See *Lumber V First Review Final Results* IDM at 15; see also *Uncoated Groundwood Paper Final Determination* IDM at 12.

⁵⁵ 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; and *Lumber V Fifth Review Final Results* IDM at 10.

⁵⁶ 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; and *Lumber V Fifth Review Final Results* IDM at 14-15.

⁵⁷ 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.

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.⁵⁸

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.⁵⁹

16. CleanBC Program for Industry – Industrial Incentive Program

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 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.⁶⁰

17. Class Managed Forest Lands Assessment Rates⁶¹

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

⁵⁸ See *Lumber V First Review Final Results* IDM at 29; see also *Lumber V Second Review Final Results* IDM at 24.

⁵⁹ See *Lumber V First Review Final Results* IDM at 17.

⁶⁰ 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; and *Lumber V Fifth Review Final Results* IDM at 14.

⁶¹ The program is also known as the Property Tax Program for Private Forest Land.

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.⁶²

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.⁶³

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.⁶⁴

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

⁶² See *Lumber V Second Review Final Results* IDM at 23.

⁶³ See *Lumber V Third Review Final Results* IDM at 16; see also *Lumber V Fourth Review Final Results* IDM at 11.

⁶⁴ See *Lumber V Third Review Final Results* IDM at 24.

credit cannot be applied against taxes payable, 50 percent of the credit is refundable, with the remainder being eligible to be carried forward.⁶⁵

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 used by the corporation in Manitoba primarily for the manufacturing or processing goods for sale or lease.⁶⁶

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.⁶⁷

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.⁶⁸

⁶⁵ See *Lumber V Final Determination* IDM at 16.

⁶⁶ *Id.*

⁶⁷ *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.

⁶⁸ 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.

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 food, value-added wood, industrial fabrication, aerospace and defense, information & communications technology, and biosciences.⁶⁹

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.⁷⁰

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.⁷¹

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.

⁶⁹ See *Lumber V Final Determination* IDM at 13.

⁷⁰ *Id.*; see also *Lumber V First Review Final Results* IDM at 18.

⁷¹ See *Lumber V Final Determination* IDM at 13.

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.⁷²

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).⁷³

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.⁷⁴

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

⁷² *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.

⁷³ 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.

⁷⁴ 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.

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.⁷⁵

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, 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.⁷⁶

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.⁷⁷

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.⁷⁸

⁷⁵ See *Lumber V Expedited Review Final Results* IDM at 6.

⁷⁶ *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.

⁷⁷ See *Lumber V First Review Final Results* IDM at 18.

⁷⁸ See *Lumber V Second Review Final Results* IDM at 15.

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.⁷⁹

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 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.⁸⁰

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.⁸¹

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.⁸²

⁷⁹ 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.

⁸⁰ See *Lumber V First Review Final Results* IDM at 30.

⁸¹ *Id.* at 31.

⁸² *Id.* at 19; see also *Lumber V Second Review Final Results* IDM at 16; and *Lumber V Third Review Final Results* IDM at 18.

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.⁸³

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 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.⁸⁴

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.⁸⁵

⁸³ 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.

⁸⁴ 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.

⁸⁵ 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.

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.⁸⁶

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.⁸⁷

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 and maintaining certain eligible roads. Recipients of the grants are limited to companies which have approved FMPs.⁸⁸

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.⁸⁹

⁸⁶ 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”).

⁸⁷ See *Lumber V Second Review Final Results* IDM at 16.

⁸⁸ 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.

⁸⁹ 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.

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.⁹⁰

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.⁹¹

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 large corporations can claim R&D tax credits for eligible expenditures over C\$50,000 and C\$225,000, respectively.⁹²

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.⁹³

⁹⁰ See *Lumber V Expedited Review Final Results* IDM at 9; see also *Lumber V First Review Final Results* IDM at 31.

⁹¹ 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.

⁹² 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.

⁹³ 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.

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.⁹⁴

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).⁹⁵

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.⁹⁶

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.⁹⁷

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.

⁹⁴ See *Lumber V Expedited Review Final Results* IDM at 7.

⁹⁵ *Id.*

⁹⁶ *Id.* at 10; see also *Lumber V Third Review Final Results* IDM at 25.

⁹⁷ See *Lumber V Expedited Review Final Results* IDM at 10.

Revenu 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.⁹⁸

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.⁹⁹

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.¹⁰⁰

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.¹⁰¹

⁹⁸ *Id.* at 10-11.

⁹⁹ *Id.* at 11.

¹⁰⁰ *Id.*

¹⁰¹ *Id.* at 12.

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.¹⁰²

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.¹⁰³

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.¹⁰⁴

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 Program in Public Forests Affected by Natural or Anthropogenic Disturbance – Incentives for Harvesting Areas Infested by Spruce Budworm.”¹⁰⁵

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

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ 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.

¹⁰⁵ See *Uncoated Groundwood Paper Final Determination* IDM at 15.

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.¹⁰⁶

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.¹⁰⁷

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.¹⁰⁸

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, 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.¹⁰⁹

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.¹¹⁰

¹⁰⁶ 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.

¹⁰⁷ See *Lumber V First Review Final Results* IDM at 23; see also *Uncoated Groundwood Paper Final Determination* IDM at 14.

¹⁰⁸ 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.

¹⁰⁹ 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.

¹¹⁰ 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.

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.¹¹¹

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.¹¹²

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) 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.¹¹³

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

¹¹¹ See *Lumber V First Review Final Results* IDM at 23-24.

¹¹² *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.

¹¹³ 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.

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.¹¹⁴

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.¹¹⁵

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.¹¹⁶

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.¹¹⁷

¹¹⁴ 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.

¹¹⁵ 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.

¹¹⁶ 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.

¹¹⁷ 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.

29. Fees and Dues Paid to a Research Consortium

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.¹¹⁸

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.¹¹⁹

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.¹²⁰

¹¹⁸ 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; and *Uncoated Groundwood Paper Final Determination* IDM at 11.

¹¹⁹ 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.

¹²⁰ See *Lumber V Second Review Final Results* IDM at 18; see also *Lumber V Third Review Final Results* IDM at 21.

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.¹²¹

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.¹²²

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.¹²³

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 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.¹²⁴

¹²¹ See *Lumber V Second Review Final Results* IDM at 18; see also *Lumber IV 2nd Review Final Results* IDM at Private Forest Development Program.

¹²² See *Lumber V Second Review Final Results* IDM at 20.

¹²³ *Id.*; see also *Lumber V Third Review Final Results* IDM at 21.

¹²⁴ See *Lumber V Third Review Final Results* IDM at 18.

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.¹²⁵

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.¹²⁶

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.¹²⁷

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;

¹²⁵ *Id.* at 26.

¹²⁶ See *Lumber V Final Determination* IDM at 17.

¹²⁷ See *Lumber V Fifth Review Final Results* IDM at 16.

(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.¹²⁸

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.¹²⁹

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 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.¹³⁰

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

¹²⁸ See *Supercalendered Paper Expedited Review Final Results* IDM at 6.

¹²⁹ *Id.*

¹³⁰ *Id.* at 7.

year. According to BC Hydro officials, it provides funding for 43 energy managers out of 164 eligible sites.¹³¹

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.¹³²

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.¹³³

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.¹³⁴

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.¹³⁵

¹³¹ *Id.*

¹³² *Id.* at 9.

¹³³ See *Uncoated Groundwood Paper Final Determination* IDM at 9.

¹³⁴ *Id.* at 10.

¹³⁵ *Id.*

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.¹³⁶

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.¹³⁷

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 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.¹³⁸

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.¹³⁹

7. Capacity Assistance Agreement with NL Hydro

¹³⁶ *Id.* at 12.

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.* at 13.

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.¹⁴⁰

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.¹⁴¹

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 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.¹⁴²

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.¹⁴³

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.* at 11.

¹⁴³ *Id.* .

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.¹⁴⁴

B. Additional Subsidies Information from Canada's WTO Notifications

Since the prior lumber subsidies report, there was no WTO Subsidy Notification by Canada, but there was a new TPR.¹⁴⁵ Relevant lumber industry subsidy programs reported in Canada's recent Subsidy Notification are listed below.

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.¹⁴⁶

2. Forestry Funding Program¹⁴⁷

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.¹⁴⁸

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.¹⁴⁹

¹⁴⁴ *Id.* at 16.

¹⁴⁵ 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*). Canada's most recent TPR is WT/TPR/S/455/Rev.1 (November 9, 2024).

¹⁴⁶ See *Canada N401* at 70-71.

¹⁴⁷ Previously known as "Québec Forestry Financing Program."

¹⁴⁸ See *Canada N401* at 122.

¹⁴⁹ *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.

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.¹⁵⁰

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, 2023.¹⁵¹

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.

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.¹⁵²

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.

¹⁵⁰ *Id.* at 99-100.

¹⁵¹ *Id.* at 71-72.

¹⁵² See *Supercalendered Paper Final Determination IDM* at 28.

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.

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

Since the 32nd lumber subsidies report, there was no new WTO Subsidy Notification by Austria.¹⁵³ The EU underwent a TPR in 2023.¹⁵⁴ The most recent Subsidy Notification and TPR contain no relevant lumber industry subsidy programs for Austria.

BRAZIL

Since the 32nd lumber subsidies report, there was no new WTO Subsidy Notification by Brazil.¹⁵⁵ Brazil underwent a TPR in 2023.¹⁵⁶ The most recent Subsidy Notification and TPR contain no relevant lumber industry subsidy programs for Brazil.

GERMANY

Since the 32nd lumber subsidies report, there was no new WTO Subsidy Notification by Germany.¹⁵⁷ The EU underwent a TPR in 2023.¹⁵⁸ The most recent Subsidy Notification and TPR contain no relevant lumber industry subsidy programs for Germany.

SWEDEN

Since the 32nd lumber subsidies report, there was no new WTO Subsidy Notification by Sweden.¹⁵⁹ The EU underwent a TPR in 2023.¹⁶⁰ The most recent Subsidy Notification and TPR contain no relevant lumber industry subsidy programs for Sweden.

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.

¹⁵³ See G/SCM/N/401/EU/Add. 1 (September 29, 2023).

¹⁵⁴ See WT/TPR/S/442 Rev. 1 (September 1, 2023).

¹⁵⁵ See G/SCM/N/401/BRA (September 1, 2023).

¹⁵⁶ See WT/TPR/S/432/Rev.1 (April 5, 2023).

¹⁵⁷ See G/SCM/N/401/EU/Add. 11 (July 25, 2023).

¹⁵⁸ See WT/TPR/S/442 Rev. 1 (September 1, 2023).

¹⁵⁹ See G/SCM/N/401/EU/Add. 27 (September 28, 2023).

¹⁶⁰ See WT/TPR/S/442 Rev. 1 (September 1, 2023).