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# Hughes Hubbard & Reed

## Hughes Hubbard Leads Canada to Another Softwood Lumber Victory

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Hughes Hubbard & Reed again obtained a complete victory for Canada in the latest battle of an ongoing dispute with the United States over alleged subsidies to Canadian softwood lumber exports.

On March 26, 2014, a London Court of International Arbitration (LCIA) tribunal ruled that Canada had no obligation to continue to apply export taxes from producers in Quebec and Ontario beyond Oct. 12, 2013.

In 2011, the same tribunal ordered that taxes of 2.6 percent be imposed on exports from Quebec and 0.1 percent on exports from Ontario because it had found that several programs in these provinces had provided benefits to their softwood lumber producers. But when Canada and the United States agreed to extend the Softwood Lumber Agreement (SLA) from Oct. 12, 2013 to Oct. 12, 2015, the two countries disagreed over whether the collection of taxes should extend beyond Oct. 12, 2013. The reconvened tribunal sided with Canada, deciding that Canadian exporters had no obligation to pay taxes beyond the date that the SLA was scheduled to terminate when the original award was issued.

The ruling represents the second consecutive arbitration for Canada in which the firm achieved an absolute victory. In 2012, Canada won a dispute regarding whether British Columbia had misgraded logs to sell them for a cheaper price. The LCIA tribunal in that case dismissed the US claims in their entirety.

The SLA was designed to end a decades-long trade war between the countries over Canadian exports of softwood lumber. Under the terms of the SLA, the Parties agreed to refer all disputes to arbitration under the rules of the LCIA, the first time two sovereign countries agreed to settle treaty-based disputes in this forum.

John Townsend and Joanne Osendarp led the Hughes Hubbard team, which included Eric Parnes and Elizabeth Solander.

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**John M. Townsend**



**Joanne E. Osendarp**



**Eric S. Parnes**



**Elizabeth Solander**

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