

# **Exhibit F**



March 27, 2009

Delivered by Hand and Sent by E-mail

Ambassador Ronald Kirk  
Office of the United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

Dear Ambassador Kirk:

Re: Tender of Payment by Canada to the United States - LCIA Case No. 7941 -  
Canada-US Softwood Lumber Agreement of 2006

Canada writes further to the conversations of our respective governments held on March 25 and 26, 2009 between Don Stephenson and John Melle, and to their conversations earlier this month concerning the arbitration award in LCIA Case No. 7941.

Canada hereby tenders a payment of USD\$34 million plus simple interest at 4 % (currently amounting to USD\$36.66 million) to the United States as a full cure of Canada's breach of the Softwood Lumber Agreement found by the Tribunal in LCIA Case No. 7941. Kindly advise us in writing by no later than 4 p.m. on Monday March 30, 2009 where we may send this payment. On receipt of your instructions, Canada will wire transfer the funds in accordance with your instructions and will advise the LCIA that this matter has been consensually resolved between Canada and the United States. This payment fully discharges all Canadian obligations and all U.S. rights and claims arising from the Tribunal award in LCIA Case No. 7941.

For greater certainty, your acceptance of this payment constitutes your agreement that:

- The United States will no longer claim that Canada has failed to "cure the breach" found by the Tribunal in LCIA Case No. 7941 within the "reasonable period of time" identified under paragraph 22 of Article XIV of the SLA;
- The United States will not claim that Canada has any obligation to impose compensatory adjustments under paragraphs 22-25 of Article XIV of the SLA and Canada may refund in full any compensatory adjustments that Canada has collected pursuant to those provisions;

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Canada

- LCIA Case No. 7941 is thereby terminated, and, accordingly, the United States will have no right to, and will not, impose compensatory measures of any kind pursuant to Article XIV(27) and will refund in full any import duties it may have collected as a compensatory measure, and will not request a new arbitration under Article XIV(29) of the SLA;
- The United States will not re-file any Request for Arbitration under Article XIV(1) with respect to Canada's failure to adjust Expected U.S. Consumption ("EUSC") for regions operating under Option B during the period January 1, 2007 to June 30, 2007.

Canada notes that the amount tendered is the amount that the United States presented to the Tribunal as "directly calibrated to compensate for injury incurred during the violation period by the United States lumber industry"<sup>1</sup> (\$34 million) plus simple interest at 4% per annum. Canada further notes that while it is tendering this amount to resolve all remaining matters arising from LCIA Case No. 7941, it continues to maintain that the actual harm to U.S. producers resulting from Canada's breach was far less than USD\$34 million.

This tender, whether or not accepted by the United States, is made without prejudice to Canada's position regarding the proper interpretation of the SLA, including in any pending or future dispute settlement proceedings under the SLA. It is also made without prejudice to the position Canada may take in any further dispute settlement proceedings or other actions in regard to the award in LCIA Case No. 7941 if the United States does not consider the payment a full cure of the breach.

If the United States declines to consider this payment a full cure of the breach, Canada intends to commence immediately a new arbitration under Article XIV (29) of the SLA. In addition, Canada will ask the LCIA Secretariat to confirm the availability of the original panel members so that the matter can proceed as quickly as possible. Further, even if the United States declines this payment at this time, Canada's tender will remain open during the pendency of tribunal proceedings considering the adequacy of Canada's cure.

Yours sincerely,



Michael Wilson  
Ambassador

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<sup>1</sup> US Reply Memorial at para 74.