

**Arbitration under Chapter Eleven of the North American Free Trade Agreement (NAFTA)
and the UNCITRAL Arbitration Rules**

CANFOR CORPORATION

Claimant

v.

UNITED STATES OF AMERICA

Respondent

PROCEDURAL ORDER No. 3

November 13, 2003

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WHEREAS

1. During the first organizational hearing of October 28, 2003, the Parties and the Arbitral Tribunal discussed the question of the advance on costs of this arbitration.
2. The Parties and the Arbitral Tribunal agreed that the Arbitral Tribunal shall request each Party to deposit an equal amount as an advance for the costs of this arbitration.

THE ARBITRAL TRIBUNAL DECIDES AS FOLLOWS:

3. In accordance with Article 41 of the UNCITRAL Arbitration Rules and pursuant to paragraph 25 of the Terms of Agreement, the Arbitral Tribunal hereby sets the amount of the advance on costs of this arbitration at USD 300,000.
4. In determining this amount, the Arbitral Tribunal has taken into consideration the significant amount in dispute, the complexity of the subject matter and the amount of time likely to be spent by the arbitrators.
5. The above-mentioned amount shall be equally shared by the Parties, who shall pay an advance on costs of USD 150,000 to Shearman & Sterling LLP, Paris, Account No. **[ACCOUNT INFORMATION OMITTED]**.

November 13, 2003
On behalf of the Arbitral Tribunal:

Professor Emmanuel Gaillard
President