



COALITION FOR FAIR LUMBER IMPORTS

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COMMERCE DEPARTMENT LUMBER "REMAND" DETERMINATION AND OTHER ACTIONS CONFIRM SUSTAINED DUTY OFFSET

For the seventh time since 2001, the U.S. Department of Commerce confirmed yesterday in a countervailing duty determination that Canadian softwood lumber is subsidized through undervalued provincial timber.

In addition, leading U.S. Senators have highlighted several points which reinforce that the countervailing duty and antidumping remedy on Canadian lumber will remain effective in the face of Canadian parties' efforts to circumvent U.S. legal requirements. Senators Baucus (D-MT), Craig (R-ID) and Crapo (R-ID) emphasized yesterday that the U.S. government:

- Is committed to addressing Canadian lumber unfair trade practices.
- Has concluded that the November 2004 determination of the International Trade Commission that Canadian imports threaten the U.S. industry with injury -- the "Section 129" determination -- represents an independent basis authorizing and necessitating retention of the countervailing and antidumping duty orders.
- Has concluded that Canadian lumber duty deposits cannot and will not be returned absent a negotiated settlement between the Canadian and U.S. governments.
- Is evaluating whether to challenge Canadian log export restraints as being contrary to WTO requirements.

Said Coalition Chairman W.J. "Rusty" Wood: "Some will no doubt mischaracterize yesterday's remand determination as a reduced Commerce Department estimate of the subsidy. To the contrary, Commerce recently found that a 21% combined countervailing and antidumping duty is required on Canadian imports, and that is the determination that will continue to apply at the border. The subsidy percentage issued today, 1.9%, is based on a reworking of the original, 2002 countervailing duty determination. As Commerce indicated, it is grossly understated due to severe overreaching by the panel. Yesterday's figure is a forced, artificial percentage, without legal or practical effect, that is the result of a seemingly interminable, unproductive litigation campaign by the other side."

"What is critical," said Wood, "is the U.S. government's resolve to address the problem of Canadian unfair lumber-trade practices. Senators Baucus's, Craig's and Crapo's statements make clear that the government is united to solve this problem. Canada has a choice -- it can end or offset the subsidies and dumping or the United States will offset the unfair practices instead."

“The provinces provide their lumber companies with timber for a fraction of its value,” said Wood. “And the unfair imports have destroyed hundreds of sawmills, taken jobs from thousands of workers, and undermined the livelihoods of millions of family tree farmers.”

Wood concluded: “All that the U.S. industry has ever requested is an end to Canadian lumber subsidies and dumping through open and competitive timber and log markets. As has always been the case, the U.S. industry would support settlement based on reasonable Canadian commitments designed to lead to requisite timber policy reform in Canada. Until then, we will enforce our rights to relief under the U.S. trade laws.”