



## COALITION FOR FAIR LUMBER IMPORTS

FOR IMMEDIATE RELEASE  
May 8, 2001

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### U.S. LUMBER COALITION COMMENTS ON REPORTS OF WTO RULING

The following statement by Rusty Wood, Chairman of the U.S. Coalition for Fair Lumber Imports and President of Tolleson Lumber Company of Perry, GA, comments on public reports about the decision last week by a World Trade Organization panel which rejected a case brought by the government of Canada alleging that its log export ban is not a subsidy. The WTO case was brought in August 2000 as a “preemptive strike” against the U.S. industry’s April 2001 countervailing duty and antidumping petitions regarding Canadian softwood lumber.

Last week, a WTO Panel reportedly surprised Canada by preliminarily dismissing its claim that the country’s log export ban cannot be subject to U.S. countervailing duties. Even though the WTO Panel did not rule favorably on Canada’s request, Canadian officials are trying to salvage victory from defeat by stating that, on closer inspection, the Panel’s decision supported their contention.

According to press reports, the Panel stated that not all export restrictions are countervailable – a position the United States had agreed with all along. From this statement, Canada concluded that its log export ban could never be a subsidy subject to U.S. countervailing duties. This reasoning conveniently ignores the WTO criteria for judging export restrictions. Canada had admitted in the case that a log export ban is subject to redress if it is found to direct producers to process, or leaves no other options besides domestic processing. The Panel did not say otherwise. Canada has timber tenure policies that require companies to process lumber or face losing access to timber. The country’s log export ban also prevents U.S. companies from purchasing and processing the raw material in the United States. The Panel’s reported analysis simply clarifies what facts must be shown to countervail export restraints as subsidies.

While Canadian officials claim a victory through convoluted arguments, they ignore the fact that the U.S. industry’s countervailing duty and antidumping cases before the U.S. Commerce Department use a methodology that does not rely on log export bans for determining the amount of the Canadian subsidies. Thus, the WTO case Canada brought against the U.S. has no bearing on the current countervailing and antidumping petitions against Canadian softwood lumber.

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