



COALITION FOR FAIR LUMBER IMPORTS

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WORLD TRADE ORGANIZATION DECISION UPHOLDS DUTIES ON UNFAIRLY SUBSIDIZED AND DUMPED CANADIAN SOFTWOOD LUMBER

The Coalition for Fair Lumber Imports welcomed reports today that the World Trade Organization (“WTO”) has rejected Canada’s challenge to a determination by the United States International Trade Commission (“ITC”) that United States lumber producers are threatened with material injury by imports of dumped and subsidized softwood lumber from Canada.

The WTO decision upholds a determination made by the ITC in November 2004 that Canadian softwood lumber imports pose a threat of material injury to domestic producers in the United States under Section 129 of the Uruguay Round Agreements Act (“Section 129 Determination”). The Section 129 Determination had been issued at the request of the Office of the U.S. Trade Representative to address an earlier WTO ruling that the ITC’s original 2002 affirmative threat of injury determination did not adequately explain how the determination was consistent with WTO rules.

“This new determination should put to rest any questions about whether duties are justified in this case,” said Coalition for Fair Lumber Imports Chairman Steve Swanson. “This WTO victory demonstrates that the ECC and the NAFTA panel decisions were wrong,” Swanson added.

This ruling comes less than three weeks after an Extraordinary Challenge Committee (“ECC”) disregarded established U.S. law in affirming a NAFTA panel’s reversal of similar threat of injury determinations made by the ITC since 2002. Under U.S. law, the Section 129 Determination upheld by the WTO today provides the legal basis for maintaining the countervailing and antidumping duties currently in effect, notwithstanding the ECC ruling.

Swanson continued, “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 vigorously supports the U.S. government’s pursuit of 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.”