



## COALITION FOR FAIR LUMBER IMPORTS

**FOR IMMEDIATE RELEASE**

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### **Coalition for Fair Lumber Imports Supports Initiation of Arbitration Proceeding Under the Softwood Lumber Agreement Against New Canadian Subsidies**

**Washington, DC, January 18, 2008** – The Coalition for Fair Lumber Imports today welcomes United States Trade Representative Susan Schwab’s decision to initiate arbitration over new subsidies being provided by the Ontario and Quebec provincial governments to their lumber manufacturers.

The Softwood Lumber Agreement, which came into force October 12, 2006, expressly prohibits the Canadian federal and provincial governments to provide new subsidies to their lumber industries.

“The Agreement explicitly mandates a standstill on new Canadian taxpayer-funded handouts to lumber manufacturers,” said Zoltan van Heyningen, Executive Director of the Coalition for Fair Lumber Imports.

Mr. van Heyningen said the Coalition supports the U.S. government’s decision to initiate this arbitration against Canada in this case involving Quebec and Ontario programs.

“It is simply unacceptable that Canada continues to provide new subsidies to its industry to provide it with unfair advantages in the U.S. market,” he said.

This is the second arbitration case under the 15-month-old Softwood Lumber Agreement that was designed to last up to seven years. The first case, dealing with the Canadian government’s failure to fully collect lumber export taxes on lumber is now before the London Court of International Arbitration. That hearing was held in New York City on Dec. 12. A decision is expected before the end of February.

A number of additional new subsidy programs have been announced since the United States initiated consultations regarding the subsidies subject to today’s announced arbitration proceedings, including a new taxpayer-funded assistance initiative in Nova Scotia. Additionally, the Coalition is also reviewing the latest proposal by the Canadian government under its Community Development Trust.

“Unfortunately, Canada has announced several additional new tax-payer funded subsidies to Canadian lumber manufacturers that will not be covered by these proceedings,” said Mr Van Heyningen. “We will continue to work aggressively to address all softwood lumber agreement compliance issues.”

The Coalition shares concerns with the U.S. government that Canada is not complying with the October 2006 agreement.

“Canada signed a mutual agreement with the United States to offset the unfair advantages enjoyed by subsidized Canadian producers,” said Steve Swanson, chairman of the Coalition. “The new subsidies constitute a clear violation of the terms of the Agreement and we are confident that the Arbitration panel will find in the favor of the United States.”

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#### **About the Coalition for Fair Lumber Imports**

The U.S. Coalition for Fair Lumber Imports is an alliance of large and small lumber producers from around the country. The Coalition is united in opposition to Canada's unfair lumber-trade practices, including its gross under-pricing of timber. For more information, please visit the Coalition's website at [www.fairlumbercoalition.org](http://www.fairlumbercoalition.org).