



COALITION FOR FAIR LUMBER IMPORTS

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Coalition for Fair Lumber Imports Comments on Split Arbitral Decision Regarding U.S.-Canada Softwood Lumber Agreement

Washington, DC, March 4, 2008 – The Coalition for Fair Lumber Imports expressed support for a London Court of International Arbitration (LCIA) ruling that that Canada has violated U.S.-Canada Softwood Lumber Agreement commitments relating to export quota volumes. The Coalition expressed disappointment with a separate ruling relating to export tax levels applicable to British Columbia and Alberta shipments.

The tribunal will now decide on an appropriate remedy to cure Canada's breach, with remedy proceedings expected over the next few months.

“The Coalition is pleased that the tribunal came to the only correct determination in this case relating to quota volumes” stated Coalition Chairman Steve Swanson. Swanson continued, “The negotiated required tax and quota limits on shipments are essential to remedy the effects of Canada's unfair trade practices on U.S. lumber manufacturers, workers and communities. The Coalition disagrees with findings that let Canada off the hook regarding past collections of 'surge mechanism' export taxes. Canada expressly agreed to the all the terms of the agreement and should live up to those terms. That said, the tribunal's decision regarding the surge mechanism should be helpful to U.S. producers when markets recover.”

Swanson continued: “These are extraordinarily challenging times for the lumber industry. This is due primarily to the downturn in the housing market. But on top of this, our industry faces a real problem with Canada's nonmarket system of, in effect, giving away its natural resources, the trees owned by the people of Canada, by selling them below market value to prop up Canadian mills. So U.S. mills must deal with the diminished housing market plus the Canadian unfair practices and violations of the agreement that was designed to offset those unfair practices.”

Underlining the Coalition's resolve to ensure that Canada fully honors the Softwood Lumber Agreement, Swanson also commented on the second arbitration proceeding dealing with new subsidies being provided to Ontario and Quebec lumber manufacturers.

“By providing new subsidies, Canada is knowingly violating the terms of its agreement with the United States. We have the facts on our side and are confident that the arbitral panel will find in favor of the United States,” said Swanson. “We are, however, deeply disappointed that Canada continues to try to evade its international obligations, thus forcing the United States to take these steps,” concluded Swanson.

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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.