



COALITION FOR FAIR LUMBER IMPORTS

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U.S. Coalition for Fair Lumber Imports Deeply Disappointed By Canada's Failure to Implement Arbitral Decision Regarding U.S.-Canada Softwood Lumber Agreement -- Urges United States to Impose Compensatory Trade Measures

Washington, DC, March 30, 2009 – The U.S. Coalition for Fair Lumber Imports has urged the U.S. Government to immediately exercise its rights under the U.S.-Canada Softwood Lumber Agreement (SLA) to impose duties on imports of lumber from Ontario, Quebec, and other provinces. This follows in the wake of the Canadian government's refusal to remedy its violation of the lumber trade agreement by implementing a February 26 ruling by the London Court of International Arbitration (LCIA).

"We are deeply disappointed that the Canadian government will not abide by the LCIA directive to impose an additional 10% export tax on shipments from Ontario and Quebec until the prescribed remedy amount is collected," said Steve Swanson, chairman of the Coalition for Fair Lumber Imports.

The LCIA released their non-appealable decision in late February in order to offset and remedy export measure breaches by Ontario, Quebec, and other provinces in the first nine months after the Softwood Lumber Agreement was implemented in October 2006. Canada missed the March 28 implementation deadline.

Canada's refusal to implement the award gives the U.S. Government the right to impose a 10% import duty on lumber from Eastern Canada.

"Canada's continuing bad faith approach to this trade agreement is bewildering and disappointing," said Swanson.

"And there are other significant SLA compliance problems as Canada is violating the trade agreement both by breaching SLA export measure commitments and by circumventing those commitments through additional subsidies, including recent SLA-inconsistent stumpage price manipulations in British Columbia," Swanson explained.

The Coalition remains seriously concerned that the British Columbia government is expanding the use of low-priced stumpage fees – generally designed for pulp grades – for timber that continues to be milled into lumber.

"All that the U.S. industry and workers have ever asked for is that Canada live up to its commitments under the Softwood Lumber Agreement," said Swanson.

"U.S. companies and workers suffered serious harm because of the Canadian breach which was found to be a violation of the trade agreement by the LCIA. Since Canada continues to violate its

trade agreement obligations, we have every reason to believe that United States will exercise its rights under the agreement to impose remedial trade sanctions," concluded Swanson.

Background: The London Court of International Arbitration issued an award on February 26 in order to remedy breaches of the U.S.-Canada Softwood Lumber Agreement. Canada must collect an additional 10% tax on exports of lumber from Ontario, Quebec, and other provinces until a total C\$68.26 million has been collected.

The LCIA in a previous award ruled that Canada was in violation of the Softwood Lumber Trade Agreement by not properly imposing exports measures as required during the first nine months of the agreement.

Both Canada and the United States agreed in the 2006 SLA to use the LCIA as an independent arbiter. LCIA decisions cannot be appealed.

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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, joined by hundreds of thousands of their employees, and tens of thousands of woodland owners. 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.