



COALITION FOR FAIR LUMBER IMPORTS

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Coalition for Fair Lumber Imports: Canada Has Not Complied With the London Court of International Arbitration Ruling

WASHINGTON (April 1, 2009) – The Coalition for Fair Lumber Imports expressed deep disappointment with Canada's attempt to avoid complying with a London Court of International Arbitration (LCIA) remedy decision regarding quota overshifments.

On February 26, 2009, an LCIA tribunal ruled that Canada must remedy its overshifments of lumber to the United States in violation of the U.S. – Canada Softwood Lumber Agreement. The tribunal further determined that an appropriate adjustment to compensate for the breach would be imposition of an additional 10% tax on exports from Ontario, Quebec, and other provinces until a total of \$68.26 million has been collected. The SLA authorizes Canada to "cure" the violation by other means that provide at least the same economic benefit to the U.S. lumber industry.

On March 31, three days after the deadline for it to implement a remedy, Canada announced that it had "cured" its breach merely by offering to pay a lesser amount to the U.S. government, thereby disregarding the clear directive of the LCIA tribunal. Canada also announced that it is seeking review of its action by the tribunal, something that likewise is not permitted by the SLA.

Steve Swanson, Chairman of the Coalition, stated that he is "shocked and appalled by Canada's provocative and contemptuous decision to ignore the tribunal's clear direction." "Unfortunately this latest flouting of its obligations under the softwood lumber agreement is consistent with Canada's approach to this trade agreement," said Mr. Swanson.

"Canada's refusal to accept the finality of the LCIA decision is disappointing. With this approach of non-compliance with the LCIA decision, Canada is simply proposing an additional subsidy for its industry – more unfair practices to preserve its less competitive companies at the expense of U.S. sawmills and workers," said Mr. Swanson.

"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. "The Canadian government is playing games of smoke and mirrors and trying to cover its contempt for the final LCIA award in a cloak of alleged conformity," Swanson said, "but the clear meaning of the award – that it must have a trade impact – does not support Canada's unilateral action in any way."

"The LCIA and the SLA give the USA the right to impose the remedy tax on imports from Option B provinces," Swanson explained, "and the Coalition strongly urges the U.S. government to do so. Canada has forced a U.S. remedy, which is fully consistent with U.S. obligations and mandated by U.S. policy requiring trade agreement enforcement."

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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.