



COALITION FOR FAIR LUMBER IMPORTS

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Coalition for Fair Lumber Imports Welcomes Step by the U.S. Government to Enforce the U.S.–Canada Softwood Lumber Trade Agreement

WASHINGTON (April 7, 2009) – The U.S. Coalition for Fair Lumber Imports today voiced strong support for a decision by the United States Trade Representative to impose duties on lumber imported from Ontario, Quebec, Manitoba and Saskatchewan following Canada's refusal to cure its breach of the U.S.-Canada Softwood Lumber Trade Agreement (SLA).

The announcement by the USTR implements a February 26, 2009 London Court of International Arbitration (LCIA) ruling that Canada must remedy its overshipments of lumber to the United States in violation of the U.S.–Canada trade agreement.

The LCIA ruled 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 under "Option B" until a total of \$68.26 million Canadian dollars has been collected. The United States is imposing as an import duty precisely the same tax that Canada should have imposed as an export charge.

Earlier this month, the Canadian government ignored the clear LCIA directive by offering a lump-sum payment of US\$46.7 million to the U.S. Treasury.

Steve Swanson, Chairman of the Coalition, said that "Canada's unwillingness to adhere to the arbitration panel ruling was just the latest example of Canada's bad faith approach to this trade agreement." "This critical step by the Obama Administration provides comfort to U.S. industry and workers that trade agreements will be enforced, and thus allowed to function as intended," said Mr. Swanson.

"Canada was simply trying to provide yet another subsidy for its industry – to keep less competitive companies operating at the expense of U.S. sawmills and workers," Swanson said. Mr. Swanson continued by stating that "all that U.S. industry and workers have ever asked for is that Canada live up to its commitments under the Softwood Lumber Trade Agreement."

Canada had the option to "cure" the violation by other means that provide at least the same economic benefit to the U.S. lumber industry. Canada's proposed payment to the U.S. government would have no such remedial effect and so would not be a cure. And the SLA specifies that when Canada fails to implement an arbitration panel ruling (cure), the United States has the right to self-enforce the panel's decision.

"The LCIA and the SLA give the United States the right to impose the remedy tax on shipments from Option B provinces since Canada failed to do so," said Mr. Swanson, concluding that "the Coalition strongly supports the Administration's decision to do so."

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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.