



COALITION FOR FAIR LUMBER IMPORTS

Coalition for Fair Lumber Imports Raises Concerns Regarding British Columbia's
Planned "Lump Sum" Stumpage Pricing System

FOR IMMEDIATE RELEASE

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WASHINGTON (April 12, 2010) – The British Columbia Government appears to be taking yet another step to further dramatically reduce provincial timber pricing in direct violation of the U.S.-Canada softwood lumber trade agreement.

The Ministry of Forests and Range has announced plans to adopt "lump sum" prices for many B.C. Interior timber stands harvested without competitive bidding. Until now, the Ministry has set administered prices on a per-cubic-meter basis and required payment based on the volume of timber actually harvested as determined by "scaling" or measuring and grading the logs after harvest. Under the new system, B.C. plans to simply estimate the volume and quality of the timber prior to harvest and set a single price for the entire stand based solely on this estimate.

"This is a significant change from the B.C. timber pricing system that was grandfathered under the Softwood Lumber Agreement," said Steve Swanson, chairman of the Coalition and president of the family-run Swanson Group in Oregon. "It would seem to move B.C. even further away from market-based pricing for its timber and therefore to violate the SLA."

The Coalition notes that more than 40 percent of the timber now harvested in the B.C. Interior is today graded as "lumber reject" – and therefore eligible for minimum stumpage rates – even though the majority of this timber is still used to manufacture lumber.

"The Coalition is deeply concerned that this new proposal simply locks in the SLA-inconsistent practices that have produced this massive giveaway of lumber-quality timber in the B.C. Interior," said Swanson.

Swanson added that it is well known that even the existing B.C. administered timber pricing system is easily open to being "gamed" by tenureholders. Abandoning any effort to scale and grade the actual timber harvest in favor of sole reliance on estimates, he said, can only increase the opportunity for manipulation by B.C. lumber producers.

The B.C. Government claims that it is making these changes in a bid to increase the use of timber killed by the Mountain Pine Beetle.

"The Mountain Pine Beetle outbreak in British Columbia poses a significant challenge," said Swanson. "However, the beetle outbreak cannot obscure the government's continuing policy to take timber pricing in the province even further

away from market timber pricing, in direct violation of the terms of the U.S.-Canada accord.”

Although “lump sum” pricing is sometimes used when timber is sold in open and competitive markets in the United States and elsewhere in the world, the need for each bidder in an open competition to make its own assessment of the likely value of a timber stand ensures that the seller receives the full market value of the resource and that the buyer is the bidder that can most efficiently process that stand. The proposed new B.C. Interior “lump sum” pricing scheme, by contrast, will apply to long-term tenure holders in non-competitive timber sales at prices set administratively by the government.

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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 the gross underpricing of timber on government-owned lands. For more information, please visit the Coalition's website at www.uslumbercoalition.org.