



COALITION FOR FAIR LUMBER IMPORTS

FOR IMMEDIATE RELEASE

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U.S. Coalition for Fair Lumber Imports Deeply Concerned by Latest Canadian Government Subsidy Plan

WASHINGTON (JUNE 17, 2009) - The U.S. Coalition for Fair Lumber Imports is deeply troubled by the Canadian federal government's announcement today of a \$1-billion tax-payer funded subsidy program for the country's forest products industry. The Coalition will closely examine this new subsidy plan, and is disappointed that Canada chose a path that may harm the U.S. softwood lumber industry and workers instead of addressing their grievance through the appropriate trade agreement vehicles – such as the WTO, NAFTA, or the SLA.

It appears that Canada will provide grants to defray all or part of the cost of pulp-production capital equipment that is deemed environmentally friendly.

"To the extent that the subsidy goes to corporate groups that produce softwood lumber, this appears to violate the U.S.-Canada Softwood Lumber Agreement," said Steve Swanson, chairman of the Coalition for Fair Lumber Imports and president of the family-run Swanson Group in Oregon.

Mr. Swanson explained that "the SLA exemption highlighted by Canada is limited to certain types of programs that are truly for forest and environmental management, protection or conservation purposes and that relate to timber. This program is obviously for the purpose of assisting forest products companies and has nothing to do with timber."

"To the extent Canada views U.S. tax credits for pulp and paper producers as contrary to the United States' international obligations, Canada should pursue these in the appropriate forum – and not by further subsidizing its industry," said Mr. Swanson, adding that "U.S. softwood lumber producers, workers, and our communities continue to be harmed by Canadian subsidy programs that run counter to Canada's trade agreement obligations with the United States."

"The Softwood Lumber Agreement was designed specifically to address Canada's unfair subsidies that seriously distort the North American market. They result in Canadian producers dumping their subsidized lumber in the United States, leading to closings of U.S. mills and putting thousands of American forestry and mill workers out of work," said Mr. Swanson.

Mr. Swanson concluded by stating that "it is ironic that Canada appears to recognize the harm that can be done with government subsidies that disrupt the market as Canada challenged the United States regarding the 'black liquor' issue. Yet,

Canada's forestry industry continues to benefit from, and depend on, billions of dollars in annual government subsidies to compete and export to the U.S. market. It is time for the Canadian forestry industry stand on its own feet and compete based on free and competitive market principles."

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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 underpricing of timber. For more information, please visit the Coalition's website at www.uslumbercoalition.org.