



COALITION FOR FAIR LUMBER IMPORTS

Coalition for Fair Lumber Imports Welcomes U.S. Government Consultation Request to Canada Regarding British Columbia Softwood Lumber Agreement Violations

FOR IMMEDIATE RELEASE

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WASHINGTON (October 8, 2010) – The Coalition for Fair Lumber Imports applauds today's announcement by the U.S. government that it has initiated consultations under the U.S.-Canada Softwood Lumber Agreement in order to resolve and remedy ongoing violations by British Columbia of the terms of the trade agreement.

At issue are British Columbia's practices that have led to a dramatic reduction of stumpage costs for BC Interior lumber producers through a massive increase in the share of logs classified as "Grade 4" and therefore eligible for the minimum stumpage rate of C\$0.25 cents per cubic meter. The additional subsidy provided by this violation is worth hundreds of millions of dollars and represents a clear circumvention of the Softwood Lumber Agreement that must be addressed and remedied – retrospectively as well as prospectively.

"The British Columbia government is effectively funneling back hundreds of millions of dollars in collected export fees to BC producers. This circumvents and violates the Softwood Lumber Agreement, and has caused serious harm to the entire North American industry -- in the United States and the rest of Canada alike -- from producers, to workers, to landowners, to the many communities who depend on the forestry industry," said Steve Swanson, chairman of the Coalition and president of the family-run Swanson Group in Oregon.

"British Columbia's stumpage practices depress already weak lumber markets at a cost of U.S. jobs in communities that can least afford such losses. Ironically, this trade agreement violation also comes at a significant cost to BC taxpayers, who are forfeiting hundreds of millions of dollars in revenue from this public resource because of this virtual give-away by the province to a select number of BC companies," added Mr. Swanson.

The Coalition remains deeply concerned that BC's current stumpage pricing changes, which took effect July 1 of this year, appear to provide a mechanism for locking in place the Softwood Lumber Agreement-inconsistent stumpage practices of the past two to three years.

Mr. Swanson stated that, "in order for the Softwood Lumber Agreement to become a credible and lasting alternative to the resumption of trade litigation it is essential that there be a retrospective remedy to British Columbia's violations and the province institutes true and meaningful reforms that will allow fully open and competitive markets to determine stumpage prices in the province," and concluded

by stating that "if the consultation period fails to adequately resolve Canada's apparent SLA violation, it is critical that the U.S. government immediately seek the establishment of an arbitration tribunal to remedy this trade agreement violation."

For more information on British Columbia's Softwood Lumber Agreement violation, see http://www.uslumbercoalition.org/doc/fact_sheet_10-08-10.pdf.

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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.