



U.S. LUMBER COALITION

U.S. Lumber Coalition Questions British Columbia's Failure to Implement Market Pricing System Updates on the BC Coast

FOR IMMEDIATE RELEASE

CONTACT: Zoltan van Heyningen | zoltan@uslumbercoalition.org | 202-582-0021

WASHINGTON (November 8, 2011) – The British Columbia (BC) government has failed to implement the 2011 regular update to the so-called BC Market Pricing System (MPS) for timber in the BC Coast region in a timely manner. This foot-dragging is of considerable concern to the U.S. Lumber Coalition and amounts to yet another new subsidy to Canadian lumber manufacturers. The last regular update of the MPS, in 2009, resulted in a significant decrease in Coast timber prices. According to Canadian sources, the 2011 update, if and when it is implemented, will significantly increase those prices.

"BC Coast producers should not be allowed to dictate how and when BC implements its pricing policy for provincial timber," said Steve Swanson, Chairman of the Coalition and President of the family-run Swanson Group in Oregon. "Delayed implementation of price increases is an extra Canadian subsidy that harms U.S. sawmills and workers who don't have the luxury of deciding whether a change in market prices for timber is convenient," Swanson added.

In 2009, a Coast MPS Update based on BC timber auctions through December 2008 resulted in a large decrease in the government-set price for most BC Coast timber, which is not sold competitively. In fact, BC Premier Gordon Campbell announced at a BC Truck Loggers Association meeting on January 14, 2009, that these new rates would take effect the next day.

By contrast, the latest Coast MPS Update based on BC timber auctions through December 2010 has not been implemented, more than ten months into 2011. The details of the new update have not been made public, but the Coalition understands that BC Coast lumber producers have been told the update would raise timber prices by an average of C\$7/m³. About 10 million m³ of public softwood timber are harvested on the Coast each year, so a year's delay in implementing a price increase of this magnitude would save BC lumber producers C\$70 million.

"BC cannot claim it has 'market-based' timber pricing if it rushes to implement price decreases, but then drags out the implementation of price increases," Swanson said. "This policy of 'heads the BC lumber companies win, tails the BC taxpayer loses' is the total opposite of real market pricing for timber."

Under the 2006 Softwood Lumber Agreement between the United States and Canada, BC is allowed to modify timber pricing through MPS Updates. However, any additional benefits that BC may provide to lumber producers – presumably including a failure to implement an MPS update – are deemed to circumvent the export taxes

required under the trade agreement.

####

About the U.S. Lumber Coalition

The U.S. Lumber Coalition 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 under-pricing of timber on government-owned lands. For more information, please visit the Coalition's website at www.uslumbercoalition.org.