



COALITION FOR FAIR LUMBER IMPORTS

FOR IMMEDIATE RELEASE

Coalition for Fair Lumber Imports Comments on World Trade Organization Decision to Uphold Duties on Subsidized and Dumped Canadian Lumber

November 15, 2005 -- The Coalition for Fair Lumber Imports today welcomed the World Trade Organization's ("WTO") release of a final report regarding its ruling on September 23 that rejected Canada's challenge to a determination by the United States International Trade Commission ("ITC") that the United States lumber producers are threatened with material injury by imports of dumped and subsidized softwood lumber from Canada.

The WTO's final decision upholds a determination made by the ITC in November 2004 that Canadian softwood lumber imports pose a threat of material injury to domestic producers in the United States under Section 129 of the Uruguay Round Agreements Act ("Section 129 Determination"). The Section 129 Determination had been issued at the request of the Office of the U.S. Trade Representative to address an earlier WTO ruling that the ITC's original 2002 affirmative threat of injury determination did not adequately explain how the determination was consistent with WTO rules.

"With the release of this report, the WTO has once and for all confirmed that an objective determination of this case can only conclude that subsidized and dumped Canadian lumber threaten the U.S. lumber industry with injury," said Coalition for Fair Lumber Imports Chairman Steve Swanson. Mr. Swanson further commented that "something is seriously wrong with the NAFTA dispute settlement panel system. The WTO and the Commerce Department have both consistently concluded that Canadian lumber is subsidized and dumped, and the WTO and the U.S. International Trade Commission have both concluded that subsidized and dumped Canadian lumber threatens our domestic industry with injury. Only the NAFTA panels are stubbornly refusing to acknowledge these facts on subsidy and injury."

A NAFTA panel has confirmed a Commerce Department finding that Canadian companies are in violation of the U.S. trade laws by engaging in dumping of lumber in the U.S. market. However, another NAFTA panel is pressing the Department to artificially underestimate the true extent to which Canadian lumber is subsidized, and a third NAFTA panel has refused to uphold repeated U.S. International Trade Commission rulings that Canadian imports threatened to injure the US industry – a fact confirmed by the WTO's final report.

This ruling follows an August 10 action where an Extraordinary Challenge Committee ("ECC") disregarded established U.S. law in affirming a NAFTA panel's reversal of similar threat of injury determinations made by the ITC since 2002. Under U.S. law, the Section 129 Determination upheld by the WTO today provides the legal basis for maintaining the countervailing and antidumping duties currently in effect, notwithstanding the ECC ruling.

Swanson continued by repeating earlier remarks that “all the U.S. industry has ever sought is an end to Canadian lumber subsidies and dumping through open and competitive timber and log markets. We continue to support the Administration in its effort to bring about a negotiated settlement, but will continue to vigorously seek the full enforcement of the U.S. trade laws against subsidized and dumped Canadian lumber.”

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