



## COALITION FOR FAIR LUMBER IMPORTS

**FOR IMMEDIATE RELEASE**

### **Coalition for Fair Lumber Imports Urges Commerce Department to Uphold U.S. Law Against Subsidized Canadian Lumber**

*November 16, 2005* – A NAFTA panel reviewing the imposition of essential duties against subsidized Canadian lumber today refused to clarify its order to the U.S. Department of Commerce. In its October 28<sup>th</sup> motion for clarification, the Commerce Department pointed out that the panel's direction, absent an adjustment, would "require" the Department to base its subsidy calculation on a period that is "prior to the period of investigation" in violation of U.S. law. Mr. Swanson stated that "the Commerce Department should not take action in response to the panel order that contradicts U.S. law, but instead appropriately apply the U.S. trade laws in order to fully offset subsidized Canadian lumber imports."

Mr. Swanson explained that "the fundamental fact that Canada's lumber industry receives billions of dollars in annual subsidies derived from Canadian taxpayer-owned forest resources has not changed and is at the core of this trade dispute," and stated that "we must not forget that we are talking about the livelihoods of real American companies, workers, and their communities that could be devastated if we allow NAFTA panels to determine when we can and cannot enforce our laws against subsidized Canadian lumber. NAFTA panels must not be allowed to trump U.S. law."

"The fact that an unaccountable NAFTA panel can ignore U.S. law, exceed its authority, and seek to order a sovereign government such as the United States to abide by its flawed decision to the detriment of U.S. companies, workers, millions of private timberland owners, and their communities is outrageous. The panel system is clearly unconstitutional. The U.S. lumber industry recently filed a challenge to the constitutionality of the NAFTA Chapter 19 panel system in the U.S. courts and we fully expect to prevail. We brought this challenge out of necessity. It is our right to do so under the law," said Mr. Swanson.

Mr. Swanson also stressed that "this dispute should be settled through open and competitive Canadian timber and log markets to eliminate the subsidy. But the panel's consistent attempt to prematurely terminate essential trade relief measures against subsidized Canadian lumber has improperly undermined Canada's incentive to negotiate in good faith," adding that "it is now up to Canada to demonstrate that it will not only return to the negotiating table, but that it will actually engage in constructive negotiations aimed at finding a lasting and equitable solution to this dispute." Canada has recently set new conditions for resuming negotiations, insisting that the United States must first repay an estimated \$3.5 billion dollars of duties collected from subsidized Canadian lumber imports. The Administration has consistently stated that duties would only be returned as part of a fair and equitable permanent settlement -- a position the U.S. Coalition strongly supports.

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