



COALITION FOR FAIR LUMBER IMPORTS

FOR IMMEDIATE RELEASE

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Coalition For Fair Lumber Imports Applauds U.S. Department of Commerce Determination Confirming Canadian Lumber Subsidies and Dumping

December 6, 2005 – The U.S. Department of Commerce today confirmed once again that Canadian softwood lumber is heavily subsidized and dumped into the U.S. market by issuing a combined anti-subsidy and anti-dumping duty “administrative review” rate of 10.81%. While the Coalition for Fair Lumber Imports has demonstrated that this calculation greatly understates true levels of subsidies and dumping, these results nonetheless reinforce that the Canadian lumber industry is severely subsidized and dumps lumber into the U.S. market at unfairly low prices.

Steve Swanson, Chairman of the Coalition for Fair Lumber Imports, said that today’s announcement “again highlights how little common sense it would make for the United States to lift duties against clearly documented and proven Canadian lumber subsidies.” “It is particularly galling,” said Swanson, “that the U.S. government recently indicated that it would comply with an unlawful direction from a NAFTA panel to calculate a *de minimis* subsidy just as Canada is announcing over \$2.3 billion dollars in new federal and provincial subsidies.”

Mr. Swanson added, “when an irresponsible and unconstitutional NAFTA panel can force the revocation of essential anti-subsidy duties against Canadian lumber subsidies something is seriously wrong.”

Mr. Swanson further explained that “the U.S. lumber industry has filed a constitutional challenge to NAFTA’s Chapter 19 system because the industry’s right of due process and judicial review has been violated, and because the U.S. government must have the sovereign right to enforce its trade laws against subsidized and dumped Canadian lumber.”

“It is the Commerce Department’s duty to enforce U.S. trade laws fully and effectively against unfair imports that harm U.S. companies and their workers,” said Barry Cullen, Executive Director of the Coalition. “Canadian lumber is a prime example of such unfair trade by a government-controlled, anti-free market system created by subsidies and maintained by dumping,” added Mr. Cullen.

“All Canada needs to do to end this dispute is to allow the Canadian timber and log prices to be set by a truly open and competitive market. We hope that Canada will engage in constructive negotiations to bring about an appropriate resolution to this dispute. Until then, the U.S. industry will continue to vigorously seek the full enforcement of the U.S. trade laws,” said Cullen.

As a related matter, the World Trade Organization has approved the U.S. case that Canadian lumber is unfairly subsidized and dumped and threatens the U.S. industry with injury such that duties are appropriate. Yesterday, the WTO confirmed its resolution of a single minor issue in Canada's favor regarding the U.S. government's calculation of subsidy rates. The U.S. government is expected to implement this WTO ruling with little or no effect on subsidy rates. Mr. Cullen commented, “there is no basis for Canada to impose trade retaliation.”