



For Immediate Release
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BAUCUS CALLS FOR TRADE CASE AGAINST CANADA

Finance Chairman Asks USTR Kirk to Ensure Fair Competition for American Lumber Workers and Producers

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today called on United States Trade Representative (USTR) Ron Kirk to initiate consultations with Canada to end unfair practices that are harming the U.S. lumber industry.

“I have always fought to make sure lumber producers and workers in Montana and across the nation have the opportunity to compete on a level playing field with their Canadian competitors,” said Baucus. **“Our current lumber agreement provides a set of rules to ensure fair competition, but unfortunately Canada is not living up to its end of the bargain. We need to strongly enforce our current rules and hold Canada accountable to its obligations. In these difficult economic times, Montanan and all American lumber workers depend on it.”**

In 2006, the United States and Canada signed the Softwood Lumber Agreement, requiring Canada to end unfair practices that supported its domestic lumber industry and ending all existing softwood lumber litigation between the two countries. However, the Government of British Columbia is currently circumventing the agreement by selling government-owned timber used for softwood lumber production at low prices that the Softwood Lumber Agreement reserves for salvage-grade timber.

The text of Baucus’s letter to Kirk follows below.

August 18, 2010

The Honorable Ron Kirk
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Kirk,

In 2006, the United States and Canada signed the Softwood Lumber Agreement (“the Agreement”), which required Canada to end unfair practices that supported its domestic lumber industry. The Agreement has succeeded in accomplishing this goal because of your efforts to enforce it. But recent actions in Canada require renewed vigilance.

The Provincial Government of British Columbia is selling government-owned timber used for softwood lumber production at firesale stumpage prices that the Agreement reserves for salvage-grade timber.

These actions circumvent the intent of the Agreement by artificially lowering the cost of softwood lumber production for British Columbia's lumber producers and effectively nullifying the effect of the export charges that the Agreement mandates. The Government of British Columbia's recent steps to address the issue by changing its timber pricing system are by its own admission "revenue neutral" and do not adequately address this circumvention.

In these hard economic times, America's lumber producers must have the opportunity to compete on fair terms with their Canadian competitors. The Agreement established a set of rules to ensure this fair competition, but those rules must be enforced. The American lumber industry, and American lumber workers, depend on it.

I therefore urge you to initiate consultations immediately with Canada under the Agreement to remedy this circumvention. And I urge you to continue your good work in enforcing Canada's obligations under the Agreement.

Sincerely,

Max Baucus

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