

For Immediate Release  
Aug. 14, 2001

Office of the Premier

**WESTERN PREMIERS' JOINT STATEMENT ON SOFTWOOD LUMBER**

COEUR D'ALENE, Idaho – The premiers of western Canadian provinces and territories attending the Western Governors' Association annual meeting in Coeur d'Alene have advised the governors of their serious concerns about last week's U.S. Department of Commerce preliminary ruling on Canadian softwood lumber exports to the United States.

The premiers called the U.S. decision, which applies a 19 per cent duty on Canadian shipments across the border, extremely unfortunate and inconsistent with both the spirit of the North American Free Trade Agreement and the efforts provinces, territories and states are making to strengthen cross-border trade relationships.

They joined in calling on the Canadian federal government to assign the highest possible priority to responding firmly and effectively to the Department of Commerce action.

They noted the duty is the only one applied by the United States to countries exporting lumber to the U.S. It is the fourth time in 20 years the U.S. lumber industry has taken, or attempted to take, punitive action against Canadian lumber. The premiers pointed out the first three such attempts failed, and they expressed confidence that this new duty will be reversed as well.

However, in the meantime, the duty will be extremely damaging to the Canadian lumber industry and Canadian jobs. It will also hurt American families who are buying new homes by increasing prices by thousands of dollars per unit. Increased costs of building materials for home renovations will also be strongly felt by U.S. consumers.

The premiers also expressed considerable doubt that the ruling would result in any significant benefit to the U.S. lumber industry, noting that the problem facing many U.S. lumber mills is an inadequate supply of timber – a problem that will not be helped in any way by the new duty. As well, it will penalize U.S. companies operating in Canada.

The western premiers took the opportunity of the WGA meeting to share information on the structure and operation of the lumber industry in Canada with the governors. They reaffirmed their commitment to transparent trade and expressed the hope that ongoing dialogue with U.S. federal and state leaders will help eliminate the U.S. duty at the earliest possible date.

They added they will be working closely with the prime minister, the minister of international trade and other Canadian premiers to review the deficiencies in the Department of Commerce preliminary decision and identify all options for reacting appropriately and strongly to the new duty. They noted Canada-wide discussions have already begun at the ministerial level.

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**Western Premiers' Statement on Softwood Lumber  
Coeur d'Alene, Idaho – August 14, 2001**

**America needs Canadian lumber**

The Premiers of Western Canada and the Western Governors are committed to free trade. We all want to avoid costly trade disputes and litigation. In the face of protectionist measures by U.S. special interests, we are forced to defend open and fair access to American markets. Canada must dispute the 19.3% countervailing duties which have recently been imposed on softwood lumber. We have won three rounds of litigation in the past, and now we find ourselves with no alternative.

Americans build more single family homes each year than any other country in the world. A major component of these homes is softwood lumber – thousands of dollars worth of lumber goes into every new home in America.

There is not enough softwood supply within the United States to satisfy this huge demand. Canada has been a stable and reliable supplier of softwood lumber for generations, and American companies have invested billions of dollars in their Canadian operations. But now this mutually beneficial trading relationship is once again in jeopardy for the fourth time in less than twenty years.

**Background:**

Since 1982 Canada and the U.S. have been involved in three lumber countervailing duty cases (widely called Lumber I, II, and III). In all three cases, there was no determination of any subsidy on Canadian softwood. The 1996 Softwood Lumber Agreement avoided a fourth dispute, but this agreement, which limited access to the American market for Canadian softwood, expired on March 31, 2001.

The Commerce Department imposed a 19.3 % countervailing duty on Canadian softwood lumber on August 10, 2001. This duty may become retroactive to May 2001, and may be further increased in the near future.

**What restrictive trade practices mean for American consumers and the American economy:**

The Canadian West has been a reliable and secure supplier of resources to the United States for more than a century. We call upon Western Governors and the Office of the U.S. Trade Representative to recognize this vital relationship. A level playing field is essential for a true trading relationship.

Premiers of Western Canada must point out that this decision by the Commerce Department will not protect jobs in the Western States – the effect of this ruling is to further drive up the price of lumber, while transferring the proceeds of the collected duties to the small holders and sawmills in the American Southeast. This protectionist action will not increase the supply of wood available to forest companies in the American West. It will harshly penalize American forest companies operating in Canada, who seek nothing more than a level playing field.

Further, while it does not protect forest jobs, it clearly does put thousands of home building jobs in jeopardy. Americans seeking to buy or build a new home will find that the cost of their home has risen by at least \$1,000 as a direct result of this protectionist trade measure.

The Western Premiers are asking the American public to stop to ask themselves who benefits from this protectionist action. It harms American consumers and families. It harms America's construction workers, homebuilders and homebuyers. It harms forest companies and forestry workers – there are no winners in protectionist trade practices in any industry. Protectionism means rising costs for builders, more red tape, damaged international relationships, and putting the dream of home ownership at risk for hundreds of thousands of Americans who can no longer afford the home they dream of.

We want to work on finding solutions. We believe that a transparent decision-making process, with full disclosure of the facts, will help us all to find solutions. We want to work together with American states, and the American people, to identify challenges, resolve problems, and create the kind of stable trade environment which creates opportunities for all of us.