

Nov. 8, 2001

Ministry of Forests

**U.S. DEPARTMENT OF COMMERCE ANTI-DUMPING DECISION ON SOFTWOOD  
LUMBER**

On April 2, 2001 the US Coalition for Fair Lumber Imports filed an anti-dumping duty petition with the U.S. government. Under U.S. trade law, an anti-dumping case is an investigation of whether an importer is selling goods in the U.S. at prices lower than in the home market or is selling goods at prices below cost.

The U.S. lumber industry coalition has never before filed a petition for an anti-dumping investigation, which involves the Department of Commerce and the International Trade Commission (ITC). The steps taken are similar to a countervailing duty case, but the timetable is longer because detailed information must be collected from individual firms.

The Department of Commerce investigated a sample of six companies. Four are based in British Columbia and the other two have operations in the province. Each company receives its own duty rate and then the average of those rates is applied to the rest of industry.

Canada has made a complaint to the WTO Anti-Dumping Committee about the case, noting its extreme weakness. Canada stated that the anti-dumping petition disregarded information that was reasonably available and directly relevant to the issues of dumping, injury and causation. Therefore it did not provide an adequate basis for the initiation of an investigation.

On October 31, Commerce announced its decision to impose an anti-dumping duty of 12.58%, paid by all non-investigated companies. The six firms investigated pay their individual duty as calculated by Commerce. The duties are: Canfor (12.98%), Slocan (19.24%), Weyerhaeuser (11.93%), West Fraser (5.94%), Tembec (10.69%) and Abitibi-Consolidated (13.58%).

This is a preliminary determination, which is subject to verification of company data. The Department of Commerce will make its final determination of both anti-dumping and countervailing duties about March 25, 2002. Following the ITC's final determination of injury, any final duty order will be applied on or about May 16, 2002.

Both the countervailing (CVD) and anti-dumping (AD) duties apply to the value of lumber entering the U.S. From November 6, 2001 until the final duty order in May, companies will be required to post bonds or make cash deposits to cover these duties. These bonding requirements tend to draw down companies' lines-of-credit.

Given that lumber prices have been falling, it is expected that the additional duty will force further mill closures in the near future. However, the combined CVD/AD rate of nearly 32% (19.31% plus 12.58%) will only be in effect until mid-December, since the WTO does not allow provisional CVD duties to extend beyond four months. Only the anti-dumping duty (12.58%) will apply from mid-December 2001 to mid-May 2002.