



Committee On Finance

Max Baucus, Ranking Member

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Baucus Renews Call for Fair Resolution of Canadian Softwood Lumber Dispute

(WASHINGTON, D.C.) Senator Max Baucus (D-Mont), Ranking Democrat on the Senate Finance Committee, today issued the following press statement in response to a revised calculation by the U.S. Commerce Department of Canadian softwood lumber subsidies:

“Today’s announcement by the U.S. Department of Commerce of revised subsidy calculations for Canadian softwood lumber is only the latest in a series of disappointing – but ultimately meaningless – decisions forced upon U.S. government agencies by a flawed North American Free Trade Agreement dispute settlement process. While today’s announcement is a formal response to a NAFTA panel’s review of an earlier calculation, it is not legally relevant. Instead, the December 2004 estimate by the Commerce Department, which concluded that Canada’s true subsidy rate is more than 17%, remains the controlling decision. The December 2004 determination also offers the more accurate picture of the artificial advantage given to Canadian producers. Of course, it doesn’t capture the additional effects of widespread dumping by Canadian sellers, which the Commerce Department has estimated at an additional 4% margin.

“Time and again, I have urged both countries to resolve their differences at the negotiating table. Producers on both sides of the border will continue to lose until a durable, mutually acceptable solution is found. Nevertheless, the root of this dispute is a Canadian timber regime that is simply incompatible with the goal of an integrated North American market. If softwood lumber producers in both countries are to operate in a common market, then Canada will have to undertake long-term, market-oriented reform of its timber regime. Until that happens, U.S. producers are fully justified in seeking remuneration of the artificial and unfair Canadian advantages. I am certain that U.S. producers will keep up this fight for as long as it takes, and, as long as Canada seeks market advantage through unfair practices, I – and my colleagues in Congress – will continue to push the U.S. government to impose duties on Canadian softwood lumber.

“Every week that passes without a negotiated settlement and without long-term Canadian reform simply means more dollars lost, and more producers harmed, on both sides of the border. I hope that cooler heads in Canada will realize the futility of a strategy that waits for a litigated victory, and will instead pursue a durable solution at the negotiating table.”

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