



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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BAUCUS WANTS RAPID ACTION ON U.S.-CANADA LUMBER PACT

Continued delays are leading to price drops, threatening survival of many U.S. mills

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, today called for swift action to implement the U.S.-Canada Softwood Lumber Agreement in order to stop the damaging surge in lumber imports from Canada.

In anticipation of the entry into force of the recently signed U.S.-Canada lumber agreement, which is meant to regulate imports of Canadian lumber, Canada's industry has begun to push lumber across the border in massive quantities. Lumber prices are at the lowest levels in years, threatening the survival of many U.S. lumber mills and the jobs of their workers.

The text of the Senator's letter is below:

October 4, 2006

Ambassador Susan Schwab
United States Trade Representative
600 17th Street, NW
Washington, DC

Dear Ambassador Schwab:

I commend you for concluding the softwood lumber agreement between the United States and Canada. After years of litigation and acrimony, this agreement will bring much needed stability to the North American lumber market. That is why it is so critical to ensure timely, effective, and smooth implementation of the agreement.

I am concerned that implementation has slipped beyond the October 1 date contemplated by the agreement. The U.S. lumber industry already faces a crisis due to an unanticipated, dramatic rise in Canadian lumber imports that has occurred prior to the original, October 1 implementation date. This sudden surge has caused the price of lumber to fall to artificially low levels. U.S. lumber producers are at risk of closing operations and laying-off workers. An additional one-month delay threatens to exacerbate an already unsustainable situation.

Immediate action is needed to address this unexpected crisis. For starters, the agreement must be implemented as quickly as possible, including termination of all pending court cases. Moreover, to discourage the continued surge of Canadian imports, the border tax measures contemplated by the agreement should be applied retroactively to October 1.

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The dramatic surge of Canadian lumber imports serves to underscore the need to monitor the agreement on a real-time basis. Key to this effort is promulgation by Customs and Border Protection of a regulation to require the disclosure of import data, as contemplated by the agreement. Until that regulation is issued, the U.S. government will not be able to compile the statistics necessary to assess Canadian compliance with export tax and quota rules. I urge you to ensure that this regulation is in place by the time that the agreement is implemented.

The Canadian lumber settlement agreement provides a great opportunity to solve the types of unfair trade problems that have long afflicted U.S. sawmills and workers. I hope you take the steps described above to realize this opportunity.

A copy of this letter has also been sent to Secretary Gutierrez and Secretary Chertoff.

Sincerely,

Max Baucus
United States Senator