



PROFILE

Canada supplies approximately 34% of the softwood lumber used in the United States. Softwood is used most often as framing lumber for homes; Canadian softwood - douglas fir, spruce and pine - is particularly suited for this purpose.

SOFTWOOD LUMBER DISPUTE

The United States currently imposes a 22% duty on softwood imports from Canada. International panels have repeatedly said that Canadian imports do not harm U.S. lumber producers, and that applying the duty violates U.S. trade law. But, under pressure from half of the U.S. lumber industry, the U.S. Administration continues to illegally apply the duty.

WHAT DOES THIS MEAN?

- ✦ Americans are paying more for houses than they should. The duty on Canadian lumber increases the cost of a home by \$1000 to \$2000.
- ✦ The extra cost means that, for every month the duty is applied, some 3000 working families cannot qualify for a mortgage and cannot buy a home.
- ✦ The duty increases the cost to rebuild homes destroyed by Hurricanes Katrina and Rita, by anywhere from \$250 to \$500 million. That's not even accounting for the homes needing major renovations.
- ✦ Industries that depend on fairly priced lumber - home builders and wood product manufacturers, among others - are harmed. There are 25 jobs in U.S. lumber-consuming industries for every 1 job in the U.S. lumber producing industry (which also gets \$500 million a year in a special tax subsidy).
- ✦ The U.S. refusal to respect the international panel decisions raises questions about America's commitment to the rule of law.

CONCLUSION

The illegal duty on Canadian softwood lumber hurts many – like home buyers and builders, working families, and wood product manufacturers. The U.S. refusal to acknowledge panel decisions means Canada has little confidence that our two countries can reach, in good faith, a long term resolution to the dispute. Many are hurt, for the benefit of few. The United States should immediately remove the illegal lumber duty, return duties kept on deposit to Canadian companies, and commit to fair trade in lumber for the benefit of all.

MORE RESOURCES

- Canadian Government Softwood Lumber Information: <http://www.softwoodlumber.gc.ca>
- American Consumers for Affordable Homes: <http://www.acah.org>
- National Association of Home Builders: <http://www.nahb.org>

ADDITIONAL ARTICLES

“...Mr. Bush had the good sense to lift the counterproductive steel tariffs, which cost as many jobs as they saved. If he does the same with lumber, not only will he help avert a mutually destructive trade war with Canada, but he can advance another long-stated Administration goal of helping record numbers of Americans own their own homes.”

“Trade War”, Wall Street Journal Editorial, August 15, 2005

“It’s hard to understand why the White House persists in dragging out this dispute....The lumber dispute is yet another example of the perverse logic of protectionism, by which governments shield favored industries at the expense of consumers ... Every presidential administration portrays itself as a supporter of home ownership and the American dream. But imposing stiff tariffs on essential building materials only makes home ownership less affordable. Memo to the White House: Give it up. Rescind the tariffs.”

“Tariffs hurt consumers; CANADIAN LUMBER”, Kansas City Star Editorial, August 25 2005

“Hurricane Katrina could be the most powerful argument yet for President George W. Bush to end ill-advised tariffs on Canadian lumber and Mexican cement ... Lifting tariffs on lumber and cement would increase supplies and ease prices for construction companies and consumers alike. With all the rebuilding that will be needed in the wake of Katrina, that’s more important than ever.”

“Lift tariffs”, Orlando Sentinel Editorial, September 14 2005

“If the U.S. continues to squander Canada’s good will, it could be forced to compete with China for Canadian oil and energy. By then, it will be too late for Washington to stop its bullying, respect Canada’s sovereignty and treat it like a true partner instead of the 51st state.”

“The China factor”, Pittsburgh Post-Gazette Editorial, September 15 2005

“... Washington ignores Canada’s grievances at its peril. If the largest U.S. trading partner seriously considers withdrawing from NAFTA because Canadians find using the treaty’s dispute resolution process pointless, the White House can count on growing skepticism abroad as it attempts to sell the benefits of regional and bilateral free trade agreements.”

“Softwood wars”, Register-Guard Editorial (Oregon), September 18 2005