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U.S. raises softwood duties

CANADIAN PRESS

VANCOUVER — The U.S. Commerce Department has boosted punitive duties on Canadian softwood lumber almost four percentage points even as the two governments struggle towards finalizing an agreement to end the long-standing trade dispute.

The department's International Trade Administration says preliminary results of its third administrative review of anti-dumping and countervailing duty orders found provincial stumpage — Crown timber-cutting fees — and other policies last year continued to confer a benefit on Canadian producers, allowing them to export into the U.S. market at below normal values.

The preliminary finding raises the combined duties to 14.7 per cent from 10.8 per cent.

Duties will continue to be collected at the lower rate until final results of the review are available in December.

Canadian and U.S. negotiators have been working feverishly to finish a complex seven-year agreement that would, among other things, replace the duties with a Canadian-imposed export tax or a combination quota and tax.

“Although the United States and Canada have agreed to a term sheet containing a framework for resolving the softwood lumber dispute, the department must continue to meet its statutory deadlines until a final agreement is signed,” Commerce said in its release.

Canadian exporters ship an estimated \$10-billion a year worth of spruce, pine and fir lumber into the United States, mainly for the construction and home renovation markets. Canadian softwood accounts for about 34 per cent of the American market.

Spurred by complaints from U.S. producers, the U.S. government slapped duties totalling more than 27 per cent on Canadian lumber starting in May 2002.

Successive reviews lowered the rate to just under 11 per cent, but Canadian companies have paid in more than \$5-billion (U.S.), most of which they would get back under terms of the proposed agreement.

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