

ITC Continues Duties on Imports of Softwood Lumber From Canada

Significant antidumping and countervailing duties (AD/CVDs) on imports of softwood lumber from Canada will continue following the U.S. International Trade Commission (ITC) final affirmative injury determination made yesterday. The ITC voted 4-0 that the U.S. softwood lumber industry is materially injured by imports of lumber from Canada. The ITC determination is the final procedural step necessary for the continued and indefinite imposition of AD/CVDs on softwood lumber imports. Although the ITC's vote completes the investigation under U.S. law, Canada has already taken steps to initiate disputes under the North American Free Trade Agreement (NAFTA) and at the World Trade Organization (WTO), alleging that the United States violated its trade obligations in conducting the investigations.

Earlier this year, the U.S. Commerce Department issued final AD/CVD margins. The margins cumulatively range from 10-24 percent, see chart below. The Commerce Department will make minor adjustments to these final rates upon publication of the AD/CVD orders.

| | AD | CVD | Total |
|-------------|------|-------|-------|
| West Fraser | 5.57 | 18.19 | 23.76 |
| Resolute | 3.2 | 14.7 | 17.9 |
| Tolko | 7.22 | 14.85 | 22.07 |
| Canfor | 8.89 | 13.24 | 22.13 |
| JD Irving | 6.58 | 3.24 | 9.82 |
| All others | 6.58 | 14.25 | 20.83 |

The rate that applies depends on the Canadian producer of the softwood lumber. Importers of softwood lumber must deposit AD/CVDs with U.S. Customs and Border Protection. Final liability on each entry of softwood lumber will be determined by the Commerce Department in annual administrative reviews that will begin in early 2019.

Certain exclusions from the scope of the case will allow some imports from Canada to enter free of AD/CVDs. In particular, certain lumber products from Labrador, Nova Scotia and Prince Edward Island were removed from the scope of the AD/CVD determinations. Other scope exclusions apply for U.S.-origin lumber processed in Canada, and certain box-spring frame kits and components.

As a result of the ITC vote, the U.S. Commerce Department will issue AD/CVD orders on softwood lumber imports from Canada. The AD/CVD orders will result in AD/CVDs on softwood lumber imports until the orders are revoked, which generally does not occur until at least five years after the orders are issued. Prior AD/CVDs on softwood lumber from Canada were revoked pursuant to agreements between the governments of the United States and Canada. In addition, Canada is seeking modification (and potentially withdrawal) of the AD/CVDs under NAFTA and WTO dispute settlement rules.

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