



## FACT SHEET

### Commerce Makes Preliminary Determination of Countervailable Subsidies on Imports of Softwood Lumber from Canada

- On April 24, 2017, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of softwood lumber from Canada.
- The CVD law provides U.S. businesses and workers with a transparent and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated preliminary subsidy rates for five mandatory respondents: for Canfor Corporation, 20.26 percent; for J.D. Irving, Limited, 3.02 percent; for Resolute FP Canada, Ltd., 12.82 percent; for Tolko Marketing and Sales Ltd. and Tolko Industries Ltd., 19.50 percent; and, for West Fraser Mills, Ltd., 24.12 percent. Commerce established a preliminary subsidy rate of 19.88 percent for all other producers/exporters in Canada.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- Commerce preliminarily found that “critical circumstances” exist with respect to J.D. Irving, Limited, and companies subject to the “all others rate”. Consequently, Commerce will instruct CBP to impose provisional measures retroactively on entries of softwood lumber from Canada, effective 90 days prior to publication of the preliminary determination in the *Federal Register*, for the affected exporters.
- The petitioner is the Committee Overseeing Action for Lumber International Trade Investigations or Negotiations (COALITION), which is an ad hoc association whose members are: U.S. Lumber Coalition, Inc. (DC); Collum’s Lumber Products, L.L.C. (SC); Hankins, Inc. (MS); Potlatch Corporation (WA); Rex Lumber Company (FL); Seneca Sawmill Company (OR); Sierra Pacific Industries (CA); Stimson Lumber Company (OR); Swanson Group (OR); Weyerhaeuser Company (WA); Carpenters Industrial Council (OR); Giustina Land and Timber Company (OR); and Sullivan Forestry Consultants, Inc. (GA).
- The merchandise subject to this investigation is softwood lumber, siding, flooring and certain other coniferous wood (“softwood lumber products”). The scope includes:
  - Coniferous wood, sawn, or chipped lengthwise, sliced or peeled, whether or not planed, whether or not sanded, or whether or not finger-jointed, of an actual thickness exceeding six millimeters.

- Coniferous wood siding, flooring, and other coniferous wood (other than moldings and dowel rods), including strips and friezes for parquet flooring, that is continuously shaped (including, but not limited to, tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded) along any of its edges, ends, or faces, whether or not planed, whether or not sanded, or whether or not end-jointed.
- Coniferous drilled and notched lumber and angle cut lumber.
- Coniferous lumber stacked on edge and fastened together with nails, whether or not with plywood sheathing.
- Components or parts of semi-finished or unassembled finished products made from subject merchandise that would otherwise meet the definition of the scope above.
- Softwood lumber product imports are generally entered under Chapter 44 of the Harmonized Tariff Schedule of the United States (“HTSUS”). This chapter of the HTSUS covers “Wood and articles of wood.” Softwood lumber products that are subject to these investigations are currently classifiable under the following ten-digit HTSUS subheadings in Chapter 44: 4407.10.01.01; 4407.10.01.02; 4407.10.01.15; 4407.10.01.16; 4407.10.01.17; 4407.10.01.18; 4407.10.01.19; 4407.10.01.20; 4407.10.01.42; 4407.10.01.43; 4407.10.01.44; 4407.10.01.45; 4407.10.01.46; 4407.10.01.47; 4407.10.01.48; 4407.10.01.49; 4407.10.01.52; 4407.10.01.53; 4407.10.01.54; 4407.10.01.55; 4407.10.01.56; 4407.10.01.57; 4407.10.01.58; 4407.10.01.59; 4407.10.01.64; 4407.10.01.65; 4407.10.01.66; 4407.10.01.67; 4407.10.01.68; 4407.10.01.69; 4407.10.01.74; 4407.10.01.75; 4407.10.01.76; 4407.10.01.77; 4407.10.01.82; 4407.10.01.83; 4407.10.01.92; 4407.10.01.93; 4409.10.05.00; 4409.10.10.20; 4409.10.10.40; 4409.10.10.60; 4409.10.10.80; 4409.10.20.00; 4409.10.90.20; 4409.10.90.40; and 4418.90.25.00.
- Subject merchandise as described above may also be classified as stringers, square cut box-spring-frame components, fence pickets, truss components, pallet components, flooring, and door and window frame parts under the following ten-digit HTSUS subheadings in Chapter 44: 4415.20.40.00; 4415.20.80.00; 4418.90.46.05; 4418.90.46.20; 4418.90.46.40; 4418.90.46.95; 4421.90.70.40; 4421.90.94.00; and 4421.90.97.80.
- Although these HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigations is dispositive.
- In 2016, imports of softwood lumber from Canada were valued at an estimated \$5.66 billion.

## PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTERS/PRODUCERS	SUBSIDY RATES
Canada	West Fraser Mills, Ltd.	24.12%
	Resolute FP Canada, Inc.	12.82%
	Tolko Marketing and Sales Ltd. and Tolko Industries Ltd.	19.50%
	Canfor Corporation	20.26%
	J.D. Irving, Limited	3.02%
	All others	19.88%

## IMPORT STATISTICS:

CANADA	2014	2015	2016
Value (USD)	4,888,098,232	4,520,115,997	5,655,342,603

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4407.10.01.01; 4407.10.01.02; 4407.10.01.15; 4407.10.01.16; 4407.10.01.17; 4407.10.01.18; 4407.10.01.19; 4407.10.01.20; 4407.10.01.42; 4407.10.01.43; 4407.10.01.44; 4407.10.01.45; 4407.10.01.46; 4407.10.01.47; 4407.10.01.48; 4407.10.01.49; 4407.10.01.52; 4407.10.01.53; 4407.10.01.54; 4407.10.01.55; 4407.10.01.56; 4407.10.01.57; 4407.10.01.58; 4407.10.01.59; 4407.10.01.64; 4407.10.01.65; 4407.10.01.66; 4407.10.01.67; 4407.10.01.68; 4407.10.01.69; 4407.10.01.74; 4407.10.01.75; 4407.10.01.76; 4407.10.01.77; 4407.10.01.82; 4407.10.01.83; 4407.10.01.92; 4407.10.01.93; 4409.10.05.00; 4409.10.10.20; 4409.10.10.40; 4409.10.10.60; 4409.10.10.80; 4409.10.20.00; 4409.10.90.20; 4409.10.90.40; and 4418.90.25.00.

Imports of certain softwood lumber products may also enter under HTSUS 4415.20.40.00; 4415.20.80.00; 4418.90.46.05; 4418.90.46.20; 4418.90.46.40; 4418.90.46.95; 4421.90.70.40; 4421.90.94.00; and 4421.90.97.80. These HTSUS subheadings may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting the above import statistics.

Volume could not be calculated, as imports of subject merchandise are reported in multiple units of measure.