
Is There an Appetite for Fair Trade in Logs and Lumber?

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Outline

- I. The SLA 2006
- II. Log Export Policy in BC and the PNW
- III. What Would Fair Trade in Logs and Lumber Look Like?
- IV. Is there an Appetite for Fair Trade?



I. The SLA 2006

SLA 2006

- Taxes, quotas, lumber prices and all that
- Without prejudice to legal positions
 - Canada not admitting to subsidies
 - US not accepting that there are no subsidies
- Nub of US position continues to be that Canadian crown timber is “sold below market value”
 - Without this, there would be no SLA

SLA 2006 (con't)

- Two opportunities for exemption:
 - Section X.4
 - Private land logs
 - Section XII.4
 - Regional exemptions

II. Log Export Policy in BC and the PNW

Log Export Policy

- BC:
 - Private land logs subject to federally administered surplus test
 - Crown logs subject to provincially administered surplus test plus “fee-in-lieu”
- PNW:
 - Log exports from state and federal lands prohibited
 - Non-substitution rule
- Which is more restrictive?

III. What Would Fair Trade in Logs and Lumber Look Like?

Fair Trade

- In the context of the export taxes in the SLA:
 - BC implements a fee-in-lieu that mirrors the export tax for lumber made from crown timber
 - Exemption for lumber made from private land logs as per Section X.4
 - Eliminate surplus test on BC private logs if US eliminates non-substitution rule

- Recall core of US position:
 - Subsidies on crown timber

Fair Trade

- A step further:
 - BC eliminates all log export restrictions
 - PNW eliminates all log export restrictions
 - BC lumber gets free access to US market
- This would be fair:
 - Freedom of log movement would ensure “equilibration” of log prices subject to transportation and other market factors
 - BC policy changes of last 5 years ensure log prices get reflected in market-based stumpage



IV. Is There an Appetite for Fair Trade?

Appetite?

- Industries on both sides of the border have consistently said they are not afraid to compete on a level playing field
- Do they really mean it?