



FACT SHEET

Commerce Preliminarily Finds Dumping of Imports of Softwood Lumber from Canada

- On June 26, 2017, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the antidumping duty (AD) investigation of imports of softwood lumber from Canada.
- The AD law provides U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious dumping of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of AD investigations, dumping occurs when a foreign company sells an imported product in the United States at less than fair value.
- Commerce preliminarily found that mandatory respondents Canfor Corporation, Canadian Forest Products Ltd., and Canfor Wood Products Marketing Ltd. (Canfor); Resolute FP Canada Inc. (Resolute); Tolko Marketing and Sales Ltd. and Tolko Industries Ltd. (Tolko); and West Fraser Mills Ltd. (West Fraser), were dumping at preliminary dumping margins of 7.72, 4.59, 7.53 and 6.76 percent, respectively. Commerce established a preliminary dumping margin of 6.87 percent for all other producers and exporters of softwood lumber from 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 also preliminarily found that “critical circumstances” exist with respect to 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 this preliminary determination in the *Federal Register*, for the affected producers and exporters.
- Further, Commerce found that the petitioner substantiated its allegation that a particular market situation may exist resulting from distortions caused by an increased demand for lumber by-products. Commerce intends to investigate the alleged distortions.
- With regard to the scope of the investigation, Commerce preliminarily determined that certain softwood lumber products certified by the Atlantic Lumber Board (ALB) as being first produced in the Provinces of Newfoundland and Labrador, Nova Scotia, or Prince Edward Island (the Atlantic Provinces) from logs harvested in these three provinces should be excluded from the scope of this investigation, as well as the companion countervailing duty investigation.
- 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 covered by 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 this investigation 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 4418.99.10.00.
- Subject merchandise as described above might be identified on entry documentation as stringers, square cut box-spring-frame components, fence pickets, truss components, pallet components, flooring, and door and window frame parts. Items so identified might be entered under the following ten-digit HTSUS subheadings in Chapter 44: 4415.20.40.00; 4415.20.80.00; 4418.99.90.05; 4418.99.90.20; 4418.99.90.40; 4418.99.90.95; 4421.91.70.40; and 4421.91.97.80.
- Although these HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.
- The scope of the investigation excludes the following items:

- U.S.-origin lumber shipped to Canada for processing and imported into the United States is excluded from the scope of the investigations if the processing occurring in Canada is limited to one or more of the following: (1) kiln drying; (2) planing to create smooth-to-size board; or (3) sanding.
- Box-spring frame kits are excluded if they contain the following wooden pieces – two side rails, two end (or top) rails and varying numbers of slats. The side rails and the end rails must be radius-cut at both ends. The kits must be individually packaged and must contain the exact number of wooden components needed to make a particular box spring frame, with no further processing required. None of the components exceeds 1” in actual thickness or 83” in length.
- Radius-cut box-spring-frame components, not exceeding 1” in actual thickness or 83” in length, ready for assembly without further processing are excluded. The radius cuts must be present on both ends of the boards and must be substantially cut so as to completely round one corner.
- In 2016, imports of softwood lumber from Canada were valued at an estimated \$5.66 billion.

NEXT STEPS

- Commerce is scheduled to announce its final determination on or about September 7, 2017, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of softwood lumber from Canada materially injure, or threaten material injury to, the domestic industry, Commerce will issue an AD order. If either Commerce’s or the ITC’s final determination is negative, no AD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY DUMPING MARGINS:

| EXPORTERS/PRODUCERS | DUMPING RATES |
|--|----------------------|
| Canfor Corporation, Canadian Forest Products Ltd., and Canfor Wood Products Marketing Ltd. | 7.72% |
| Resolute FP Canada Inc. | 4.59% |
| Tolko Marketing and Sales Ltd. and Tolko Industries Ltd. | 7.53% |
| West Fraser Mills Ltd. | 6.76% |
| All Others | 6.87% |

CASE CALENDAR:

| EVENT | DATE |
|-------------------------------|-------------------|
| Petition Filed | November 25, 2016 |
| DOC Initiation Date | December 15, 2016 |
| ITC Preliminary Determination | February 28, 2017 |
| DOC Preliminary Determination | June 23, 2017 |
| DOC Final Determination | September 6, 2017 |
| ITC Final Determination* | October 21, 2017 |
| Issuance of Order** | October 28, 2017 |

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For AD investigations, the deadlines are set forth in sections 733(b) and 735(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

*This will take place only in the event of an affirmative final determination from Commerce.

**This will take place only in the event of affirmative final determinations from Commerce and the ITC.

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.