

**SOFTWOOD LUMBER SUBSIDIES REPORT
TO THE CONGRESS**

U.S. Department of Commerce

June 2015

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I. Background and Reporting Methodology

As an initial matter, given the large number of countries that export softwood lumber and softwood lumber products to the United States, we concluded that it was untenable to find subsidy information for every country that exports softwood lumber or softwood lumber products to the United States.¹ Instead, in order to provide a report that reflects subsidies which have a significant impact on the U.S. softwood lumber industry, we analyzed U.S. imports of softwood lumber and softwood lumber products to determine which countries were the largest exporters of such products to the United States. As a result, based on data published by the United States International Trade Commission Tariff and Trade DataWeb, we include in this report subsidies provided by Canada and Chile, the only two countries with exports accounting for at least one percent of total U.S. imports of softwood lumber by quantity, as classified under Harmonized Tariff Schedule code 4407.1001,² during the period July 1, 2014 through December 31, 2014. In particular, Canada accounts for 96.72 percent and Chile accounts for 1.07 percent of total U.S. imports.

As in past reports, for this, the Fourteenth Softwood Lumber Subsidies Report to Congress (Fourteenth Report), we are relying on a six-month period to identify the countries subject to review. We will rely on U.S. imports of softwood lumber and softwood lumber products during the period January 1, 2015 through June 30, 2015, to select the countries subject to the next report.

Under U.S. countervailing duty (CVD) law, a subsidy will be found if a government authority: (i) provides a financial contribution, (ii) provides any form of income or price support within the meaning of Article XVI of the GATT 1994, or (iii) makes a payment to a funding mechanism to provide a financial contribution to a person, or entrusts or directs a private entity to make a financial contribution, if providing the contribution would normally be vested in the government and the practice does not differ in substance from practices normally followed by governments, and a benefit is thereby conferred. *See* section 771(5)(B) of the Tariff Act of 1930, as amended (the Act).

II. Identification of Subsidies

The U.S. Government investigates and monitors the provision of subsidies by other countries through various means, including the enforcement of U.S. trade laws, participation at the World Trade Organization (WTO), the implementation of bilateral trade agreements, as well as public comment. Therefore, we examined subsidies identified in those areas, specifically: A) CVD investigations and reviews; B) WTO reporting by member countries and WTO monitoring; C) subsidies identified in the course of enforcing bilateral agreements regarding softwood lumber and softwood lumber products; and D) comments from the public.

¹ For the period July 1, 2014 through December 31, 2014, forty countries had exports of softwood lumber to the United States.

² Imports classified under Harmonized Tariff Schedule code 4407.1001 account for the vast majority of imports of softwood lumber and softwood lumber products.

A. Countervailing Duty Proceedings

To identify subsidies on softwood lumber or softwood lumber products provided by Canada, we analyzed the most recently completed CVD proceedings involving exports to the United States of softwood lumber or softwood lumber products from Canada and have included in this report any subsidies identified in relevant proceedings. The Department of Commerce (the Department) has not conducted a CVD proceeding involving imports of softwood lumber and softwood lumber products from Chile.

In 2006, the United States and Canada signed the Softwood Lumber Agreement (SLA), a bilateral accord between the United States and Canada, which resulted in the U.S. government terminating the most recent CVD order on imports of Canadian softwood lumber.³ The CVD order had been established in 2002, pursuant to U.S. government determinations that federal and provincial governments in Canada were unfairly subsidizing Canadian producers, and that imports of the subsidized Canadian lumber threatened to injure the U.S. industry. We included in our first thirteen reports subsidies identified in the last administrative review of the CVD order on softwood lumber from Canada, which was completed prior to the termination of the order pursuant to the SLA. That administrative review covered the period April 2003 through March 2004. We continue to report these identified subsidies.

B. WTO Notifications and Monitoring

We identified two sources of information from the WTO – Subsidies Notifications and Trade Policy Reviews (TPRs). The Subsidies Notification is the primary source of information under the WTO framework for each member country's subsidy programs. WTO member countries are required to notify the WTO of specific subsidies, in accordance with Article 25 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement). This portion of the SCM Agreement requires that members notify all specific subsidies, at all levels of government and covering all goods sectors, to the SCM Committee. New and full notifications are due every two years; members may also submit updated notifications at any time, but those particular notifications have been de-emphasized by the SCM Committee. These documents are available from the WTO Secretariat and may be accessed through the WTO's website.⁴

Pursuant to the WTO's Trade Policy Review (TPR) Mechanism, each WTO member country's national trade policies are subject to periodic review by the WTO Secretariat, which then publishes a report. Information on subsidy programs is also found in the TPR report of each member country. The frequency of each country's TPR varies according to its share of world trade. Canada is subject to review every four years

³ In January of 2012, the United States and Canada signed a two-year extension of the SLA, which extended the SLA from October 12, 2013 to October 12, 2015.

⁴ http://www.wto.org/english/tratop_e/scm_e/scm_e.htm.

and Chile is subject to review every six years. The TPR reports for each country are available from the WTO Secretariat and may be accessed through the WTO's website.⁵

C. Monitoring and Enforcement Related to Bilateral Trade Agreements

We have also included in this report subsidies identified in the course of administering and enforcing the SLA.⁶ As noted above, on September 12, 2006, the United States and Canada signed the 2006 SLA to settle outstanding disputes regarding the importation of softwood lumber from Canada into the United States. Pursuant to the SLA, the United States terminated the antidumping and countervailing duty orders on softwood lumber from Canada, refunded cash deposits, and agreed not to impose other trade remedies. In exchange, Canada agreed to impose certain export measures and not to take any action having the effect of reducing or offsetting the export measures.

D. Public Comment

On April 23, 2015, the Department published a notice in the *Federal Register* soliciting public comment on subsidies provided by Canada and Chile on softwood lumber or softwood lumber products for inclusion in this report.⁷ The comments received are attached as Appendix I.

III. Subsidies Provided

In the First Report, we listed all known subsidies, identified using the methodology described above, provided by Brazil, Canada, Chile, and Germany on softwood lumber or softwood lumber products exported to the United States. In the Second Report, we listed all known subsidies, identified using the methodology described above, provided by Canada, Chile, and Germany. In the Third Report, we listed all known subsidies, identified using the methodology described above, provided by Brazil, Canada, Chile, Germany, and Sweden. In the Fourth, Fifth, Sixth, Seventh, and Twelfth Reports, we listed all known subsidies, identified using the methodology described above, provided by Canada and Chile. In the Eighth, Ninth, Tenth, Eleventh, and Thirteenth Reports, we listed all known subsidies, identified using the methodology described above, provided by Canada.⁸

For the period July 1, 2014 through December 31, 2014 in this Fourteenth Report we have applied the methodology described above with regard to Canada and Chile. The subsidies identified for Canada and Chile are as follows.

Canada

⁵ http://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm#bycountry.

⁶ The SLA is particular to Canada. The United States does not have a similar agreement involving softwood lumber or softwood lumber products from any other country.

⁷ See *Subsidy Programs Provided by Countries Exporting Softwood Lumber and Softwood Lumber Products to the United States; Request for Comment*, 80 FR 22707 (April 23, 2015).

⁸ Our previous reports are posted on our website at www.trade.gov/enforcement under the "Trade Agreements" link. See <http://enforcement.trade.gov/sla2008/sla-index.html>.

We previously identified subsidies provided by Canada on softwood lumber and softwood lumber products through examinations of the most recently completed CVD administrative review, WTO notifications, and the implementation and enforcement of the SLA. There have been no new TPRs or Subsidies Notifications for Canada since the last Report; thus, the following are unchanged from the prior Report.

Subsidies Identified in CVD Proceedings

The Department determined that the following programs benefited Canadian softwood lumber producers in the second administrative review of imports under the CVD order, which was the last administrative review completed before the order was terminated. The second administrative review investigated Canadian subsidy programs in effect between April 2003 and March 2004.⁹

- A. Provincial Stumpage Programs (provision of lumber for less than adequate remuneration)
 - 1. Alberta
 - 2. British Columbia
 - 3. Manitoba
 - 4. Ontario
 - 5. Quebec
 - 6. Saskatchewan

In Canada, the vast majority of standing timber used by softwood lumber producers originates from lands owned by the Crown. Each of the Canadian provinces reviewed in the last administrative review completed under the most recent CVD order, *i.e.*, Alberta, British Columbia, Manitoba, Ontario, Quebec, and Saskatchewan, has established programs through which it charges certain license holders “stumpage” fees for standing timber harvested from Crown lands. In the underlying investigation of the most recent CVD order and in subsequent administrative reviews, the Department found that the provincial governments provided a countervailable subsidy to softwood lumber producers by selling the key input for softwood lumber production, timber, to the Canadian producers in each of the provinces listed above for less than adequate remuneration.

⁹ During the conduct of the investigation and three subsequent administrative reviews, the Department investigated a large number of programs, not all of which were in use, or evaluated, during the second administrative review. Because the second administrative review was the most recently completed administrative review with a final determination, we have used it as the most current and accurate measure of our findings.

B. Non-Stumpage Programs Determined To Confer Subsidies

Programs Administered by the Government of Canada

1. Western Economic Diversification Program (WDP): Grants and Conditionally Repayable Contributions

Introduced in 1987, the Western Economic Diversification Program (WDP) is administered by the Government of Canada's (GOC's) Department of Western Economic Diversification headquartered in Edmonton, Alberta, whose jurisdiction encompasses the four western provinces of Alberta, British Columbia, Manitoba, and Saskatchewan. The program supports commercial and non-commercial projects that promote economic development and diversification in the region.

During the 2003-2004 period covered by the most recently completed administrative review of the CVD order, the WDP provided grants to softwood lumber producers or associations with two "sub-programs," *i.e.*, the International Trade Personnel Program (ITPP) and "Other WDP Projects." Under the ITPP and "Other WDP Projects," companies were reimbursed for certain salary expenses in Alberta, British Columbia, Manitoba, and Saskatchewan.

2. Natural Resources Canada (NRCan) Softwood Marketing Subsidies

In 2002, the GOC approved a total of C\$75 million in grants to target new and existing export markets for wood products and to provide increased research and development to supplement innovation in the forest products sector. This total was allocated to three sub-programs: Canada Wood Export Program (Canada Wood), Value to Wood Program (VWP), and the National Research Institutes Initiative (NRII). The programs were placed under the administration of NRCan, a part of the Canadian Forest Service.

The VWP is a five-year research and technology transfer initiative supporting the value-added wood sector through partnerships with academic and private non-profit entities. In particular, during the 2003-2004 period of review, NRCan entered into research contribution agreements with Forintek Canada Corp. (Forintek) to do research on efficient resource use, manufacturing process improvements, product development, and product access improvement. The VWP is still available. See below under "Subsidies Identified from Canada's WTO Notification" for additional information.

The NRII is a two-year program that provides salary support to three national research institutes: the Forest Engineering Research Institute of Canada (FERIC), Forintek, and the Pulp & Paper Research Institute of Canada. In the 2003-2004 administrative review, the Department found that research undertaken by FERIC constitutes a government financial contribution to commercial users of Canada's forests. Further, the Department found that FERIC's research covers harvesting, processing, and transportation of forest products, silviculture operations, and small-scale operations and,

thus, the Department determined that government-funded R&D by FERIC benefits, *inter alia*, producers of softwood lumber. Similarly, the Department found that Forintek's operations, done in collaboration with the GOC under NRII, which pertain to resource utilization, tree and wood quality, and wood physics,¹⁰ also constitute a government financial contribution. The Department also reconfirmed its earlier determination that because grants offered under the NRII are limited to Forintek and FERIC, institutions that conducted research related to the forestry and logging industry, the wood products manufacturing industry, and the paper manufacturing industry, the program is specific to that industry. The NRII is periodically reinstituted and is currently in effect.

Programs Administered by the Government of British Columbia

1. Forestry Innovation Investment Program (FIIP)

The Forestry Innovation Investment Program came into effect on April 1, 2002. On March 31, 2003, FIIP was incorporated as Forestry Innovation Investment Ltd. (FII). FII funds are used to support the activities of universities, research and educational organizations, and industry associations producing a wide range of wood products. FII's strategic objectives are implemented through three sub-programs addressing: research, product development and international marketing.

The Department reconfirmed its earlier finding that the FII grants are provided to support product development and international marketing for Canadian softwood lumber producers.

2. British Columbia Private Forest Property Tax Program

British Columbia's property tax system has two classes of private forest land -- Class 3, "unmanaged forest land," and Class 7, "managed forest land" -- that incurred different tax rates from the 1990s through the 2003-2004 period of review. In the second administrative review, the Department reaffirmed its earlier finding that property tax rates for Class 7 were generally lower than for Class 3 land at all levels of tax authority for most, though not all, taxes. The Department further reaffirmed its finding that the various municipal and district (a.k.a. regional) level authorities imposed generally lower rates for Class 7 than for Class 3 land. The tax program is codified in several laws, of which the most salient is the 1996 Assessment Act (and subsequent amendments). Section 24(1) of the Assessment Act contains forest land classification language expressly requiring that, *inter alia*, Class 7 land be "used for the production and harvesting of timber." Additionally, Section 24(3) or 24(4) of the Assessment Act, depending on the edition of the statute, requires the assessor to declassify all or part of Class 7 land if "the assessor is not satisfied. . . that the land meets all requirements" for managed forest land classification. Amendments to the provision, enacted from 1996 through 2003, retained the same language stating these two conditions. Thus, the law as published during the 2003-2004 period of review required that for private forest land to

¹⁰ The area of wood science is concerned with the physical and mechanical properties of wood and the factors which affect them.

be classified, and remain classified, as managed forest land, it had to be “used for the production and harvesting of timber.”

The Department also found that because the British Columbia tax authorities impose two different tax rates on private forest land, the governments are foregoing revenue when they collect taxes at the lower rate, and the program thus provides a government financial contribution to the British Columbia lumber industry. Further, the Department determined that because the Assessment Act expressly requires that Class 7 land be “used for the production and harvesting of timber,” and additionally requires the assessor to declassify any Class 7 land not meeting all of the Class 7 conditions (of which timber use was one), the British Columbia private forest land tax program is specific to the industry as a matter of law. The Department considered the sum of the tax savings enjoyed by Class 7 sawmill landowners at the provincial, regional, and sub-provincial (or local) levels of tax authority in British Columbia to represent the value of this subsidy.

Programs Administered by the Government of Quebec

1. Private Forest Development Program

The Private Forest Development Program (PFDP) involves the provision of certain grants to private forest landowners. These grants provide incentives to private land owners to grow more trees, which increases the supply of wood available to softwood lumber producers. In addition, some of the sawmill operators also own private land and receive these incentives. The system is set up so that every holder of a wood processing plant operating permit in Quebec must pay the Government of Quebec a fee of C\$1.20 for every cubic meter of timber acquired from a private forest. These fees fund, in part, the PFDP.

Canada reported in recent WTO notifications that the PFDP program was created in 1995 to protect and enhance registered forest land and that it remains an ongoing program.¹¹ Canada reported that the assistance is limited to 80 percent of the costs of eligible initiatives, but the aggregate value of assistance and identity of beneficiaries are not provided in the notification. *See Canada N220* at page 44 and *Canada N253* at page 48.

¹¹ *See New & Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures*, G/SCM/N/220/CAN (7/14/11) (*Canada N220*), at 44; and *New & Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures*, G/SCM/N/253/CAN (7/19/13) (*Canada N253*), at 48.

Additional Subsidies Information from Canada's WTO Notifications

The following programs were reported in *Canada N220* and/or *Canada N253*.

1. Pulp and Paper Green Transformation Program¹²

On June 17, 2009, Canada announced a \$1 billion Pulp and Paper Green Transformation Program (PAPGTP) to support its pulp and paper producers. The stated purpose of this program was to improve energy efficiency and renewable energy production technologies. Canada reported in its WTO Notification that the program provided contribution funding, capped at CAD \$1 billion, to pulp and paper companies for environmental upgrades to Canadian facilities, based on a credits system. As of March 31, 2012, when the program ended, 38 pulp and paper mills across Canada, representing 24 companies, generated credits under the PAPGTP based on their 2009 production levels of black liquor.¹³ The GOC confirmed on its website that the program ended on this date. See <http://cfs.nrcan.gc.ca/pages/231>.

2. Value to Wood (VWP)

As explained above in the “Subsidies Identified in CVD Proceedings” section, the VWP was one of three softwood marketing subsidy programs administered by NRCan. Canada reported in its WTO Notification that the VWP funded pre-competitive research and technology transfer activities in support of secondary wood products manufacturers. Canada reported that the VWP expired in March 2011. See *Canada N220* at page 27 and *Canada N253* at page 27.

3. Investments in Forest Industry Transformation Program (IFIT)

Launched in August 2010, the IFIT provides targeted investments for projects that implement new technologies leading to non-traditional high-value forest products and renewable energies. Eligible recipients are companies that produce forest products and own at least one existing forest product manufacturing facility located in Canada. Projects were selected for funding through a competitive process. The program is funded under the *Department of Natural Resources Act* and the *Energy Efficiency Act*. See *Canada N253* at page 25. In 2014, the program was continued with new funding in the amount of CAD \$90.4 million over the next four years. See *Trade Policy Review of Canada, Report by the Secretariat*, WT/TPR/S/314, dated April 27, 2015, Section 1, p.16, para.1.7. (*Canada TPR314*).

4. Transformative Technology Program (TTP)

The TTP provides funding under the *Department of Natural Resources Act* and the *Forestry Act* in the form of contributions for pre-competitive, non-proprietary R&D

¹² This program was listed in the Sixth Report under the heading “Additional Subsidies Identified in Connection with the SLA.”

¹³ Source: <http://www.nrcan-rncan.gc.ca/media/newcom/2009/200961a-eng.php>.

for development and adaptation of emerging technologies such as forest biomass, forest biotechnology and nanotechnology. The program was created in April 2007. Funded research focuses on the development of breakthrough technologies related to forest biomass utilization, nanotechnology, and next-generation forest products, as well as addressing on-going productivity challenges facing the industry. The program is funded under Canada's Forest Innovation Program. *See Canada N253* at page 26.

5. Export Restrictions to Promote Further Processing in Canada

Information in *Canada TPR314* indicates that under the *Export and Import Permits Act*, Canada imposes export controls on logs, pulpwood and red cedar products to promote further processing in Canada. *See Canada TPR314*, Section 3.2.3, p.75, paras.3.99 and 3.100, Table 3.11.

6. Quebec Forestry Financing Program

Ongoing since 2004, under the Québec Ministère des Ressources Naturelles et de la Faune, the program supports certified forest producers in acquiring forest plots, with assistance provided in the form of loan guarantees for loans of up to \$750,000. *See Canada N253* at page 48.

7. Ontario Tax Credit for Manufacturing and Processing

Canada reported in its WTO Notification that this program provides a tax credit under the Ontario Taxation Act 2007 against Ontario taxable income for eligible Canadian profits from manufacturing and processing, farming, fishing, logging, mining, the generation of electrical energy for sale, or the production of steam for sale. Canada did not report the amount or rate of the credit. *See Canada N220* at page 41.

8. Quebec Private Forest Property Tax Refund

Canada reported in its WTO Notification that this program provides refunds of up to 85 percent of property taxes for certified forest producers that log in privately-owned forests. The program was created in 1998 to encourage producers to undertake projects to increase the value of their privately owned forests and remains an ongoing program. *See Canada N220* at page 44 and *Canada N253* at page 49.

Subsidies Identified in Connection with the SLA which have been Reviewed by an Arbitration Panel¹⁴

On September 30, 2013, the United States and Canada agreed to jointly initiate arbitration under the SLA to resolve a disagreement over the implementation of a prior

¹⁴ The first five of these programs was listed in each of the first five reports under the heading "Subsidies in Connection with the SLA upon which Arbitration has been Requested." The sixth program was listed in the sixth, seventh, and eighth reports under the heading "Subsidies in Connection with the SLA upon which Arbitration has been Requested."

SLA arbitration award (LCIA No. 81010B). The 81010B award required Canada to apply additional export charges on shipments of softwood lumber from Quebec and Ontario to remedy breaches of the SLA concerning certain forestry programs in those provinces. On April 2, 2014, the LCIA Tribunal found that Canada's collection obligations pursuant to the 81010B award ended on October 12, 2013.

1. Ontario Forest Sector Loan Guarantee Program

This program was announced in 2005 to make available C\$350 million in loan guarantees over five years to stimulate and leverage investment in the forest industry. These loan guarantees could be for a term of two to five years and generally range from C\$500,000 to a maximum of C\$25 million.

2. Ontario Forest Sector Prosperity Fund

This grant program was announced in 2005 to provide grants to the forest sector that would support and leverage new capital investment programs.

3. Forest Industry Support Program

This program was announced in 2006 to make available C\$425 million in financing to foster investment and modernization projects to improve the productivity and competitiveness of Quebec's forest products industry.

4. 15% Capital Tax Credit

This program was announced in 2006 to provide a 15% tax credit to Quebec's forest products industry on investments in manufacturing and processing equipment through 2009.

5. Quebec's Road Tax Credit¹⁵

This program was announced in 2006 and allowed the Government of Quebec to incur costs previously borne by the forest products industry. The program includes C\$100 million for a refundable tax credit of 40% for the construction of and major repairs to access roads and bridges.

6. British Columbia Sales of Grade 4 Timber

Since 2007, British Columbia has sold increasing amounts of publicly-owned timber in its interior for salvage rates, providing a benefit to softwood lumber producers. While the mountain pine beetle infestation has caused extensive damage to forests in

¹⁵ In each of the first five reports, this funding was included in the program description "Forest Management Measures," which was listed under the heading "Subsidies in Connection with the SLA upon which Arbitration has been Requested."

British Columbia, the majority of the damaged timber is usable for softwood lumber products.

On July, 18, 2012, a LCIA Tribunal acknowledged the dramatic increase in the amount of timber priced as grade 4 in British Columbia, and reviewed a number of actions by British Columbia that the United States had explained helped account for that increase (LCIA No. 111790). However, the tribunal did not find that Canada had circumvented the LCIA.

Additional Subsidies Identified in Connection with the SLA¹⁶

1. Wood Promotion Program

The Government of Ontario provides C\$1 million per year in funding to the forest products industry to enhance value-added manufacturing.

2. North Ontario Grow Bonds Program

The Government of Ontario provided approximately C\$13 million in bonds to new and growing businesses in the North. For example, in September 2006, a C\$250,000 loan to the Manitou Forest Products Limited for expansion of its sawmill was among the projects funded.

3. Forest Industry Long-Term Competitiveness Initiative

This program provides government funding for research and development that benefits the forest products industry.

4. Ontario Forest Access Road Construction and Maintenance Program¹⁷

This program was announced in 2006 to make available C\$75 million to reimburse forest companies for costs incurred for constructing and maintaining primary and secondary forest access roads.

5. Reductions in Operational and Silvicultural Costs¹⁸

This program was announced in 2006 and allowed the Government of Quebec to incur costs previously borne by the forest products industry. The program includes C\$210 million in measures to reduce the cost of operations and silvicultural investments.

¹⁶ These programs were listed in the Thirteenth Report.

¹⁷ This program was listed in each of the first five reports under the heading “Subsidies in Connection with the SLA upon which Arbitration has been Requested.”

¹⁸ In each of the first five reports, this funding was included in the program description “Forest Management Measures,” which was listed under the heading “Subsidies in Connection with the SLA upon which Arbitration has been Requested.”

Chile

We identified subsidies provided by Chile that potentially benefit softwood lumber and softwood lumber products through an examination of WTO monitoring reports on Chile (TPRs), as indicated further below. Chile's most recent WTO Subsidies Notification (N253) does not contain new information regarding programs related to lumber, timber, or other forest products industries.¹⁹

Forestry Programs

- The Government of Chile encouraged forestry activities by offering subsidies and favorable tax treatment. The National Forest Corporation (CONAF), which is responsible for the conservation and sustainable use of woodland and forest resources, offers rebates of between 75 and 90 percent of the net costs of reforestation and sustainable forest management activities, especially those carried out by small woodland owners. In 2009, it was planned to budget Ch\$24,600 million (about US\$42 million) for CONAF forest management, woodland area protection and fire control programs.²⁰
- The Law on Indigenous Forests (populated by native species) was approved in 2008 and provides rebates to help meet the cost of reclaiming, protecting and improving indigenous forests. In 2009, Ch\$5,629 million (about US\$9.6 million) was budgeted for the implementation of this law.²¹

IV. Conclusion

We note that this report covers all subsidies identified following the reporting methodology described above and does not constitute a finding regarding the countervailability of the listed subsidies under U.S. law, or their status under the SLA or the WTO SCM Agreement. We also note that this report only includes subsidies identified pursuant to the described reporting methodology. A subsidy's presence in or absence from this report is not an indication of whether the subsidy is countervailable under U.S. law, is in accordance with the relevant WTO agreements, or is actionable under any other international agreement.

¹⁹ See *New and Full Notification Pursuant to Article XVI.1 of the GATT 1994 and Article 25 of the SCM Agreement: Chile*, G/SCM/N/253/CHL (2/17/14).

²⁰ See *Trade Policy Review of Chile, Report by the Secretariat*, WT/TPR/S/220/R1, dated November 5, 2009, Part 4, para.49.

²¹ See *Trade Policy Review of Chile, Report by the Secretariat*, WT/TPR/S/220/R1, dated November 5, 2009, Part 4, para.50.

Appendix



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May 26, 2015

VIA E-MAIL (WEBMASTER_SUPPORT@TRADE.GOV)

The Honorable Penny Pritzker
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Re: Comments Regarding Subsidy Programs Provided By Countries Exporting Softwood Lumber And Softwood Lumber Products To The United States (80 Fed. Reg. 22707)

Dear Secretary Pritzker:

We submit these comments on behalf of the Conseil de l'industrie forestière du Québec and Ontario Forest Industries Association in response to the request by the Department of Commerce ("Commerce" or "the Department") for comments on Subsidy Programs Provided By Countries Exporting Softwood Lumber And Softwood Lumber Products To The United States. 80 Fed. Reg. 22707 (Dep't of Commerce, April 23, 2015).

I. CANADIAN SOFTWOOD LUMBER IS INTEGRAL TO THE U.S. HOUSING INDUSTRY AND THE U.S. ECONOMY

It is important for Congress to understand the implications for average Americans and for the American economy of raising the price of softwood lumber. Housing is the engine of the American economy. American residential homes are built with softwood lumber. Canada supplies less than twenty-eight percent of the softwood lumber needed in the United States. Canada used to supply about a third, until managed trade imposed quotas. With the quotas,

Atlanta Chicago Cincinnati Cleveland Columbus Costa Mesa Denver
Houston Los Angeles New York Orlando Philadelphia Seattle Washington, DC

beginning in October 2006, the U.S. softwood lumber industry raised prices and slowed down economic recovery from the worst recession since the 1930s.

The National Association of Home Builders reported in June 2014 that its economists have calculated a 10% increase in the price of framing lumber per 1,000 board feet, adding approximately \$660 to the price of an average new home. In 2012, 232,447 households were priced out of homes they wanted to buy because of \$1,000 increments in cost, and a 10% increase in the average wholesale price of framing lumber shut out approximately 160,000 families from qualifying for mortgages.¹

II. SETTING THE RECORD STRAIGHT ON SOFTWOOD LUMBER

No one disagrees that trade should be fair. There should be no disagreement, either, that reports aimed at raising the price of softwood lumber should be accurate and true. Countervailing duties on softwood lumber from Canada raise the costs of home ownership for Americans. Congress, and the American public, are entitled to know whether trade barrier costs have been imposed fairly and legally under U.S. law and international agreements. Congress intended to protect U.S. manufacturers from unfair trade, but never intended for the United States to impose countervailing duties absent legally sustainable determinations that the imported goods were unfairly subsidized and caused or threatened to cause material injury to domestic manufacturers.

Congress has the right to be informed accurately and fully regarding the history of the legal disputes over softwood lumber from Canada. References to the history of litigation over softwood lumber subsidies in the Department's semi-annual reports should not be selective or self-serving. The Department stated in its December 2014 report to Congress that it identifies softwood lumber subsidies, in part, by analyzing "the most recently completed {countervailing

¹ See Letter from James W. Tobin III, National Association of Home Builders, to Secretary of Commerce Penny Pritzker, dated May 29, 2014.

duty or “CVD”} proceedings involving exports to the United States of softwood lumber or softwood lumber products from Canada...” Report at 4. The Department then referred to the 2002 “U.S. government determinations that federal and provincial governments in Canada were unfairly subsidizing Canadian producers, and that imports of the subsidized Canadian lumber threatened to injure the U.S. industry.” *Id.*

The 2002 determinations were not “the most recently completed proceedings.” The Department omitted from its Report that, from 2003 to 2006, independent NAFTA arbitration tribunals (authorized and empowered by Congress) repeatedly held the 2002 determinations of both Commerce, with respect to unfair subsidies, and the U.S. International Trade Commission (“Commission”), with respect to injury (which the Commission never found) and threat of injury, to be unsupported by substantial evidence and otherwise not in accordance with law.² Ultimately, the Department and Commission both issued remand determinations in compliance with the decisions from the NAFTA panels finding that Canadian softwood lumber was not unfairly subsidized, and did not threaten material injury to any U.S. industry.³ Among these tribunal decisions and agency remand determinations, Commerce determined that Ontario’s stumpage system, in particular, was not subsidized, and a NAFTA Panel exempted Ontario producers from the countervailing duty order before judging the CVD determination invalid for all Canadian provinces soon thereafter. Those remand determinations are the standing law, not the initial determinations in 2002, yet Commerce made no mention of them in its last Report To The Congress.

² See, e.g., *Second Remand Decision of the Panel, Softwood Lumber from Canada (Injury)*, USA-CDA-2002-1904-07, Aug. 31, 2004; *Decision of the NAFTA Panel on the Fifth Remand Determination, In the Matter of Certain Softwood Lumber Products from Canada: Final Countervailing Duty Determination USA-CDA-2002-1904-03*, Mar. 17, 2006 at 3, 8.

³ See *Fifth Remand Determination In the Matter of Certain Softwood Lumber from Canada*, Final Countervailing Duty Determination (Dep’t of Commerce Nov. 22, 2005); *Antidumping and Countervailing Duty Investigations of Certain Softwood Lumber Products from Canada: NAFTA Panel Decision* 69 Fed. Reg. 69584 (Dep’t of Commerce Nov. 30, 2004) (Notice of NAFTA Panel decision).

In addition, an arbitration panel of the World Trade Organization found, on March 22, 2004, that:

... in its final threat of injury determination, the US International Trade Commission (USITC) failed to comply with the requirements of Articles 3.5 and 3.7 the Anti-Dumping Agreement and Article 15.5 and 15.7 of the SCM Agreement in finding a likely imminent substantial increase in imports and a causal link between imports and threat of injury to the domestic industry in the US producing softwood lumber. The panel found that the USITC's finding of likelihood of substantially increased imports was not consistent with the requirements of the Agreements, and that the causation conclusion rested on this inconsistent finding. The panel therefore found that the anti-dumping and countervailing measures imposed by the United States on imports of softwood lumber from Canada are inconsistent with the United States' obligations under those provisions, and recommended that those measures be brought into conformity with the United States' obligations.⁴

The Commission, purporting to implement and comply with the "no threat of injury" findings of the WTO panel, issued a new affirmative threat of injury determination under Section 129 of the Uruguay Round Agreements Act.⁵ The U.S. Trade Representative, Commerce, and the Commission sought to use the new Section 129 threat of injury determination to resurrect the Commission's threat of injury determination that had survived neither NAFTA Panel nor WTO Panel review. A three-judge panel of the U.S. Court of International Trade invalidated the Section 129 action and confirmed that "Section 129 cannot be read to imply authority for the USTR to order the implementation of a section 129(a) determination that does not result in at least partial revocation of an AD, CVD or safeguards order." *Tembec Inc. v. U.S.*, 441 F.Supp. 2d 1302, 1327 (Ct. Int'l Trade 2006).⁶

⁴ See the WTO's description of *United States — Investigation of the International Trade Commission in Softwood Lumber from Canada* (DS 277) at http://wto.org/english/tratop_e/dispu_e/cases_e/ds277_e.htm

⁵ See *Amendment to Antidumping and Countervailing Duty Orders on Certain Softwood Lumber Products from Canada*, 69 Fed. Reg. 75,917 (Dec. 20, 2004).

⁶ The judgment was vacated due to the 2006 Softwood Lumber Agreement between the United States and Canada, but the decision of the court was not withdrawn. *Tembec, Inc. v. U.S.*, 475 F.Supp.2d 1393, (Ct. Int'l Trade 2007).

The 2006 results of these judicial processes, in what is called “Lumber IV” (the fourth set of investigations and administrative reviews of allegations that Canadian softwood lumber exports to the United States were unfairly subsidized, which began in 1982), emerged like those of the previous rounds of the softwood lumber dispute. Neither Commerce nor the Commission, through four investigations over a period of nearly twenty-five years, has ever had a final determination upheld finding countervailable subsidies on softwood lumber from Canada. Thus, Commerce addresses the programs it has “identified” in investigations without mentioning that, repeatedly for nearly a quarter century, Commerce’s findings have been overturned by judicial review, and Commerce itself, on remands, has stated that the programs it initially had found to be countervailable subsidies either have not been subsidies at all, or have not been specific to an industry or group of industries such that they would be countervailable.

Since 2007, Commerce has never presented to Congress the real facts about its judicial setbacks and remand determinations. Instead, Commerce has tried to convey the impression to Congress that Canadian softwood lumber producers continue to enjoy significant subsidies that are offset by the Softwood Lumber Agreement of 2006.

III. THE DEFINITION OF A COUNTERVAILABLE SUBSIDY

There are three critical considerations in determining whether a government program distorts trade and may be offset by a countervailing duty. First, there must be a financial contribution by a government to the production or export of a foreign good. Second, the financial contribution must be specific to the good in question. Third, the specific financial contribution must cause a domestic industry to experience injury or be threatened imminently with injury. This last condition—*injury or threat of injury*—is determined by the Commission, not Commerce.

The main alleged softwood lumber subsidy is “stumpage,” the sale of timber cutting rights by provincial governments that, by virtue of the Canadian Constitution, own most of Canada’s natural resources, including the forests. According to Commerce, the provincial governments sell the cutting rights for “less than adequate remuneration,” meaning that the governments supposedly do not recover from the private forestry sector the full and fair value of the cutting rights, with the difference between what they collect and what they should collect representing a financial contribution.

Commerce’s initial findings in CVD investigations concerning softwood lumber from Canada have never been upheld upon judicial review. Commerce has tried many different methodologies to determine what adequate remuneration ought to be, then contrasted that value with amounts actually paid. In every instance, through four protracted rounds of litigation, judicial review has held the methodologies and calculations finding inadequate remuneration to be unlawful. In every instance, when Commerce has complied with judicial instructions correcting the flaws and errors in the methodologies finding inadequate remuneration, Commerce has found, on remand, that remuneration was adequate. Consequently, in the end, Commerce has never “identified” stumpage as a subsidy because its initial views have never been upheld.

Nor have alleged subsidies ever been found to be countervailable. Notwithstanding the Commission’s investigative conclusions that unfair trade has threatened injury to the domestic producers of softwood lumber (the Commission never found the industry actually injured), not once in a quarter-century did the legal process conclude with a finding that a domestic U.S. industry was injured or threatened with injury by reason of unfairly traded imports of softwood lumber from Canada.

Notwithstanding these truths – that the most important “identified” subsidies have been found repeatedly not to be subsidies at all, and that even had they been subsidies they would not have been countervailable – Commerce, with the advice and guidance of the U.S. softwood lumber industry, has reported to Congress on subsidies justifying managed trade and higher prices for American consumers.

IV. NO COUNTERVAILABLE SUBSIDIES HAVE BEEN IDENTIFIED UNDER THE SOFTWOOD LUMBER AGREEMENT

Commerce has “identified” repeatedly for Congress, since the signing of the 2006 Softwood Lumber Agreement (“SLA”), alleged subsidies to the production and export of softwood lumber from Canada. In its most recent Report, Commerce referred to “subsidies identified in connection with the SLA which have been reviewed by an arbitration panel.”

The alleged existence of these subsidies purportedly justifies the continuation of trade restrictions raising the price of softwood lumber. However, the SLA and its dispute settlement mechanisms neither identify nor define countervailable subsidies. Commerce has not been involved in considering subsidy allegations concerning softwood lumber from Canada since its final negative remand determinations in 2006.

The SLA has no provision for identifying and offsetting countervailable subsidies. What Commerce seems to mean, in referring to “subsidies identified in the course of administering and enforcing the SLA,” Report at 5, is any grant or other benefit that has been determined to reduce or offset the taxes or quotas imposed by the SLA and is not covered by an exception. See SLA Article XVII. SLA arbitration panels have reviewed allegations that such grants or benefits circumvent the tax or quota Export Measures, but their findings and conclusions are not determinations that a program is a countervailable subsidy.

The criteria for determining countervailable subsidies are not the same as the SLA circumvention criteria applied by the SLA tribunals. A countervailable subsidy under both U.S.

and WTO trade law requires findings of a financial contribution, benefit, specificity and injury or threat of injury to domestic producers of like goods. The SLA tribunals have neither the authority nor responsibility for determining whether the government has received adequate remuneration for any grants or benefits provided to Canadian softwood lumber producers. Nor do the tribunals have the authority or responsibility for determining whether U.S. softwood lumber producers have been injured or threatened with injury.

SLA tribunals applying the anti-circumvention criteria in SLA Article XVII consider whether grants or benefits were provided to producers or exporters of Canadian softwood lumber products that offset the SLA Export Measures. Grants or benefits provided under stumpage programs as they existed on July 1, 2006 and programs undertaken for environmental conservation are not considered circumventions of the SLA, let alone countervailable subsidies.

The remedy for SLA circumvention also is different from the remedy for countervailable subsidies. The SLA provides quotas for shipments of softwood lumber to the United States from Québec, Ontario, Manitoba and Saskatchewan and for a further reduction of the permitted export volumes in the event of circumvention. U.S. trade law, however, does not allow any quotas as a remedy to offset countervailable subsidies (nor does the WTO). The SLA requires producers and exporters of Canadian softwood lumber to pay export charges to the Government of Canada at pre-determined rates, depending solely on the price for lumber in a given period, which rates may be increased in the event of a finding of circumvention. U.S. trade law permits the imposition of countervailable duties calculated in reference to the benefit received from the provincial government. Thus, countervailing duties under U.S. law are intended to level the playing field by offsetting unfair subsidy practices, whereas SLA export taxes are set at fixed rates depending on the current price of lumber.

An SLA tribunal found in 2011 that certain Ontario and Québec programs were circumventions of the SLA, but virtually all of those programs have been eliminated, and their financial impact on the rate of the applicable Export Charges (0.1% for Ontario, 2.6% for Québec) was nominal.

Ontario Programs:

- Ontario Forest Sector Loan Guarantee Program. Applications for this program, which provided nothing more than loan guarantees, were no longer accepted after March 31, 2011, and the last drawdown under the program was in May 2013.
- Ontario Forest Sector Prosperity Fund. Applications for this program were no longer accepted after October 10, 2008. The last check was written from the fund in March 2014.
- Wood Promotion Program. Applications for this program ended February 28, 2014.
- North Ontario Grow Bonds Program. The Northern Ontario Grow Bonds Corporation was dissolved on May 1, 2012. The assets and liabilities of the Corporation were transferred to the Province of Ontario, including the bonds that had not been surrendered by bond holders.
- Ontario Public Access Road Construction and Maintenance Program. What the U.S. Coalition refers to as “forest access roads” are, in fact, public access roads, built by forest companies not just for harvesting, but also for the use of miners and prospectors, energy companies, summer cottage vacationers, naturalists and blueberry harvesters, among others. This program pre-dated the July 2006 SLA negotiations and was grandfathered in the agreement.

Québec Programs:

- Québec Forest Industry Support Program. This loan guarantee program was terminated in 2011.
- Québec 15% Capital Tax Credit. The capital tax gradually was phased out, beginning in 2007, until it finally was abolished in 2011. The capital tax credit similarly expired with the capital tax in 2011.
- Québec Road Tax Credit. This program expired on April 1, 2013.
- Reductions in Operational and Silvicultural Costs. The Programme d’investissement sylvicole (PIS) was terminated on March 31, 2014.

Government of Canada Programs:

- Forest Industry Long-Term Competitiveness Initiative. Programs under this initiative were developed to promote innovation and investment in the forest sector, expand market opportunities, and develop a national forest pest strategy. The programs under this initiative, developed by the Government of Canada, provide no support for the production or export of softwood lumber and consequently could not be identified as “subsidies.” The initiative sponsors innovation and market opening and development, primarily through associations and non-profit organizations, to promote the use of wood as an environmentally friendly building material.

V. THE QUÉBEC AND ONTARIO STUMPAGE PROGRAMS ARE MARKET-BASED

A. Québec Revised Its Stumpage Program In 2011 With Due Consideration For U.S. Government And Industry Complaints

The problems in this story are felt acutely in Québec because, in 2011, Québec radically reformed its stumpage program in ways that should please the United States, notwithstanding that the system for selling stumpage had not been found in the previous two investigations to confer a subsidy. Québec substantially reformed its stumpage system to make it even more market-determined. The purpose of Québec’s Sustainable Forest Development Act is to sell standing timber at market prices: Chapter A-18.1, 1, 1, 1. “This Act establishes a forest regime designed to . . . (5) govern the sale of timber and other forest products on the open market at a price reflecting their market value . . .”

Previously, prices in Quebec’s private forest, representing 20 to 23 percent of the harvest, were used to establish prices in the public forest. Now, responding to specific U.S. demands and experience in British Columbia (whose new stumpage system had been recognized and accepted by the United States upon entry into force of the SLA in October 2006), public forest stumpage fees are derived from public auctions. The province reserves 25% of the annual allowable cut of Crown timber for sale in auctions. The *Bureau de mise en Marché de bois* then sets the price for the remaining Crown timber based on the prices obtained

at auctions of timber from the public forests. The 75% of the public forest that is not auctioned is made available to former Timber Supply and Forest Management Agreement (CAAF) holders (those who have invested in mills and rely on the availability of standing timber) in return for the payment of 18% of the previous year's stumpage. That amount must be paid in an advance lump sum prior to the harvesting period, regardless of whether the whole volume is harvested. Québec industry also must pay for roads, fire and insect protection, in addition to paying auction prices and annual dues for established mills.

B. Ontario's Stumpage Program Is Market-Based

Ontario's timber harvesting fees are based on the value derived from fair market value sales of forest products downstream. Commerce has recognized the "basic market principle" that "the market value of timber is derivative of the value of the downstream products," and that the method of "deriving stumpage prices from log prices," as Ontario's residual value stumpage system does, allows Commerce "to determine whether provincial stumpage prices are consistent with market principles."⁷ Ontario's residual value system had been recognized by Commerce and an independent NAFTA arbitration panel in *Lumber IV*, after years of thorough investigation, as providing no countervailable subsidy.⁸ The Ontario industry also incurs the costs of obligations from operating on Crown lands, such as the preparation of long-term forest management plans, that typically are not incurred by participants in U.S. Forest Service auctions.

C. Delivered Costs Are Rising As Central Canadian Supply Is Tightening

The U.S. Lumber Coalition acknowledged in its comments for the December 2014 Report that, as a result of Québec's passage of the Sustainable Forest Development Act, the

⁷ See *Remand Determination In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination* (Dep't of Commerce Jan 12, 2004) at 11.

⁸ See *Decision of the NAFTA Panel on Third Remand, In the Matter of Certain Softwood Lumber Products from Canada: Final Countervailing Duty Determination USA-CDA-2002-1904-03*, May 23, 2005 at 21-22.

costs of wood fiber and the prices for lumber produced by Québec mills have increased, but the Coalition claimed that the costs of wood fiber have not increased enough in comparison to “comparable timber in Maine.” U.S. law, following the WTO Subsidies and Countervailing Measures Agreement (“SCM Agreement”), recognizes problems with the reliability of cross-border price comparisons for determining the existence of a countervailable subsidy. The law requires the adequacy of remuneration to be determined “in relation to prevailing market conditions ... *in the country* which is subject to the investigation or review.” 19 U.S.C. § 1677(5)(E) (emphasis added). See also Article 14(d) SCM Agreement. To the chagrin of Commerce and the Coalition, the *Lumber IV* NAFTA Panel’s rejection of U.S. timber prices in favor of benchmarks using Canadian timber and log sales led ultimately to a zero countervailing duty (“CVD”) margin Canada-wide.

The *Lumber IV* NAFTA Panel held in August of 2003 that “the statute requires an analysis based on market conditions in Canada,” and that “[b]y basing its price comparison on prices in the U.S., adjusted inadequately to account for differences in Canadian market conditions, Commerce has construed the statute in a manner that is contrary to law.”⁹ The Panel reached this conclusion based largely on Commerce’s acknowledgments in prior *Lumber* determinations that there were too many differences between U.S. and Canadian stumpage to make a reasonable cross-border comparison for determining the CVD margin.¹⁰ Differences include species combinations, density, quality, size, age, accessibility, terrain and climate, labor costs, landowner requirements, tax regimes, environmental regulations, currency exchange, transportation distances (harvest to mill, mill to market), among others.

Notwithstanding the impossibilities of useful cross-border comparisons where the “conditions in the country subject to investigation or review” cannot be replicated, laws of supply

⁹ See *Decision of the NAFTA Panel, In the Matter of Certain Softwood Lumber Products from Canada: Final Countervailing Duty Determination USA-CDA-2002-1904-03*, Aug. 13, 2003, *Decision* at 34.

¹⁰ *Id.* at at 32, 34-35.

and demand still apply. The delivered cost of logs in Québec and Ontario has been soaring, primarily because of the shrinking supply of timber in Québec and Ontario allocated to be cut. Provincial governments in both provinces have been shrinking supply through incomparable and unprecedented commitments to forest sustainability and ecological preservation, obliging mills to travel further, at greater expense, for standing timber. In a growing number of cases, accessible quality timber is no longer available for existing sawmills. An uncontrollable spruce budworm infestation in Québec has shrunk supply even more. Since 2004, the allowable timber harvest in Québec has declined 30-35%.

D. Alleged Softwood Lumber Subsidy Programs Highlighted In The December 2014 Report Have Little Or Nothing To Do With Subsidies Or Softwood Lumber

The Department of Commerce, in its December 2014 Report, has referenced a Pulp and Paper Green Transformation Program and a Transformative Technology Program, both programs of the Government of Canada, among its alleged softwood lumber subsidies. The former program terminated in March of 2012 and pertains to the production of pulp and paper, not softwood lumber. The latter similarly is listed as a program not for the support of softwood lumber, but rather for research and development into emerging forest biomass technologies.

The Department mentions softwood marketing program subsidies, but some of these programs also no longer exist ("the VWP expired in March 2011," Report at 10), or are so old, with so little value, they serve only to give an exaggerated impression of government assistance.

The Ontario Tax Credit for Manufacturing and Processing provides a 1.5 percent tax reduction on profits to all manufacturers and processors in Ontario, regardless of industry (but not services such as logging or electricity), and is non-discretionary. It could not be construed as a countervailable subsidy to the production or export of softwood lumber.

The Department has been questioning and investigating tiny programs in Québec's private forest for more than three decades. These programs have always been found irrelevant or *de minimis*, and would be even more so as Québec's private forest has been diminishing. It was once as much as 23 percent of Québec's harvest and is now closer to 13 percent. Consequently, any assistance or tax breaks the Québec Government may give to small forest plot owners has never had any measurable impact on North American trade in softwood lumber.

VI. CONCLUSION

The 2006 Softwood Lumber Agreement between Canada and the United States was a political compromise to end litigation and introduce predictability and stability to North American lumber markets. It was not a reversal of judicial findings and agency admissions that Canadian softwood lumber exports to the United States were not subsidized and were not injuring, nor threatening injury, to any U.S. industry. The semi-annual reports to Congress mandated by the SLA are not invitations to revise the history of this dispute. At the end of each of four rounds of protracted legal disputes, Canadian softwood lumber exports to the United States have never been found to be unfairly subsidized or to injure or threaten injury to any U.S. industry.

Nothing has occurred since 2006 to alter these facts. Allegations of circumvention of the SLA cannot be translated into findings, or "identification," of countervailable subsidies. What has occurred, most prominently and conspicuously, is that Québec has reformed its stumpage system – not because the old system conferred a subsidy (Commerce admitted in its final remand determination that it did not), but because an auction-based system is what the United States has demanded. Between the conclusions in 2006 that Ontario's residual value system is market-determined, and the 2011 revisions to Québec law conforming to U.S. demands, there remains no basis at all for Commerce's historical revisionism that is transparently designed to raise prices on new homes for Americans.

The Honorable Penny Pritzker
May 26, 2015
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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "E. Feldman", with a long horizontal flourish extending to the right.

Elliot J. Feldman
Michael S. Snarr

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and Ontario Forest Industries Association