

# Softwood standoff continues

The U.S. Department of Commerce (DOC) is at it again. On May 21, the DOC recommended a combined countervailing and anti-dumping duty of 18.32 per cent on Canadian softwood lumber imports after a second administrative review — more than doubling the current rate of 8.99 per cent for “all others” producers (p. 6).

The doubling-down is not set in stone until the department produces a final review in the fall, but if it feels like déjà vu, that’s because it is. The DOC reviews its anti-subsidy (countervailing) and anti-dumping duties annually, and it was only in November of 2020 that they established the current rate. The battles tend to drag on: it was just last August that Canada was victorious in the World Trade Organization’s appeals court after a dispute on U.S. duty rates from 2017.

Since 1982, the crux of the softwood lumber file has been that U.S. lumber producers believe Canadian stumpage fees set by and paid to the provinces unfairly “subsidize” our producers, while U.S. prices abide by their competitive private market. The tariff disputes that have been ongoing since the last Softwood Lumber Agreement (SLA)’s expiry in 2015 have been backed by the U.S. Lumber Coalition, which represents American producers.

The protectionism evident in this new proposed rate jump has already become a hallmark of the Biden camp, but really, this administration has been no different from the governments before it. It’s America first, and that’s certainly part of what’s behind this latest possible hike. Slap the Canadians with more tariffs to give U.S. woodlot owners a perceived leg up.

But America first is not necessarily America better. The National Association of Home Builders, for example, a U.S.-based advocacy organization, has been very vocal about the fact that such hefty duties on Canadian softwood drive up the prices in the U.S., too, ultimately hurting American consumers.

In 2008-09, disputes over the then-SLA, coupled with the economic downturn, pummeled British Columbia’s forestry sector, which never fully recovered (until it blew wide open during the pandemic, of course). So what do increased tariffs do to long-term demand for Canadian producers in a post-COVID world, once lumber prices flatten and consumer demand begins to wane? If sawmills start to suffer again, we know where that leaves the pulp and paper industry.

All levels of Canadian government and supporting organizations stress the need for a new agreement, and express their frustration not just at the flip-flopping rates, but the rates themselves. B.C. remains the largest Canadian exporter of softwood lumber to the U.S. and supports about 100,000 jobs in the province. As news came down from the DOC in May, Susan Yurkovich, president of the B.C. Lumber Trade Council, said, “Our strong hope is that the U.S. industry will end this decades-long litigation and instead work with us to meet demand for the low-carbon wood products the world wants, including American families. Until then, we will continue to vigorously defend our industry against these meritless allegations.”

It’s time for a new chapter, and we know that Canada and the U.S. can work together well. Other partnerships are finding a way – the \$3-billion Paper Excellence-Domtar acquisition (p. 6) attests to that. To have a once-Canadian, now U.S.-owned organization picked back up by a Canadian company – well, that’s one win for the Canadian pulp and paper industry. In another win, turn to p. 12 to see the champs in our second annual Top 10 Under 40 contest. These young leaders are thoughtful and curious, and they are already master collaborators. They make the future of pulp and paper look pretty promising.



Kristina Urquhart  
Editor

## READER SERVICE

Print and digital subscription inquiries or changes, please contact Barb Adelt, Audience Development Manager  
Tel: (416) 510-5184  
Fax: (416) 510-6875  
Email: badelt@annexbusinessmedia.com  
Mail: 111 Gordon Baker Rd., Suite 400, Toronto, ON M2H 3R1

## Editor

KRISTINA URQUHART  
416-510-5143  
kurquhart@annexbusinessmedia.com

## National Accounts Manager

LAURA GOODWIN  
289-928-8543  
lgoodwin@annexbusinessmedia.com

## Group Publisher

TODD HUMBER  
416-510-5248  
thumber@annexbusinessmedia.com

## COO

SCOTT JAMIESON  
519-429-5180  
sjamieson@annexbusinessmedia.com

## EDITORIAL/SALES OFFICES

111 Gordon Baker Rd., Suite 400, Toronto, ON M2H 3R1  
Phone: 416-442-5600

## PRODUCTION

Media Designer  
GRAHAM JEFFREY  
gjeffrey@annexbusinessmedia.com

## Account Coordinator

CATHERINE GILES  
cgiles@annexbusinessmedia.com

Printed in Canada  
ISSN 0316-4004 (Print)  
ISSN 1923-3515 (Digital)

PUBLICATION MAIL AGREEMENT #40065710

## SUBSCRIPTION RATES

Canada \$57.50 - 1 year; \$92.50 - 2 year  
USA \$139.00 CDN per year  
Overseas - \$150.00 CDN per year

Occasionally, Pulp & Paper Canada will mail information on behalf of industry related groups whose products and services we believe may be of interest to you. If you prefer not to receive this information, please contact our circulation department in any of the four ways listed above.

Annex Privacy Office  
privacy@annexbusinessmedia.com  
Tel: 800-668-2374

The editors have made every reasonable effort to provide accurate and authoritative information but they assume no liability for the accuracy or completeness of the text or its fitness for any particular purpose.

All rights reserved. The contents of this publication may not be reproduced in part or in full without the publisher’s written permission © Annex Business Media.

Sustaining member, Pulp and Paper Technical Association of Canada; Member, Alliance for Audited Media.



Funded by the Government of Canada



PPC