



FACT SHEET

Commerce Finds Dumping and Subsidization of Imports of Softwood Lumber from Canada

- On November 2, 2017, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of softwood lumber from Canada.
- The AD and CVD laws provide 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 an AD investigation, dumping occurs when a foreign company sells a product in the United States at less than its fair value. 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 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 margins of 8.89, 3.20, 7.22 and 5.57 percent, respectively. Commerce established a final dumping margin of 6.58 percent for all other producers and exporters of softwood lumber from Canada.
- Commerce calculated final subsidy rates for mandatory respondents: for Canfor Corporation, 13.24 percent; for Resolute FP Canada, Ltd., 14.70 percent; for Tolko Marketing and Sales Ltd. and Tolko Industries Ltd., 14.85 percent; and, for West Fraser Mills, Ltd., 18.19 percent. Commerce also calculated a final subsidy rate for the voluntary respondent, J.D. Irving, Limited of 3.34 percent. Commerce established a final subsidy rate of 14.25 percent for all other producers/exporters in Canada.
- Upon publication of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits equal to the applicable final weighted-average dumping rates. If the U.S. International Trade Commission (ITC) makes an affirmative injury determination, Commerce will instruct CBP to resume collection of cash deposits equal to the applicable subsidy rates.
- Commerce also found in the antidumping duty investigation that “critical circumstances” exist with respect to Resolute, Tolko, West Fraser, and “all-others” but did not exist for Canfor. 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 producers and exporters.
- With regard to the scope of the investigation, Commerce 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 the AD and CVD investigations.

- 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.
 - Finished products are not covered by the scope of this investigation. For the purposes of this scope, finished products contain, or are comprised of, subject merchandise and have undergone sufficient processing such that they can no longer be considered intermediate products, and such products can be readily differentiated from merchandise subject to this investigation at the time of importation. Such differentiation may, for example, be shown through marks of special adaptation as a particular product. The following products are illustrative of the type of merchandise that is considered “finished,” for the purpose of this scope: I-joists; assembled pallets; cutting boards; assembled picture frames; garage doors.
- 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:
 - Softwood lumber products certified by the Atlantic Lumber Board as being first produced in the Provinces of Newfoundland and Labrador, Nova Scotia, or Prince Edward Island from logs harvested in Newfoundland and Labrador, Nova Scotia, or Prince Edward Island.
 - 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

- The ITC is scheduled to make its final determinations on or about December 18, 2017.
- If the ITC makes affirmative final determinations that imports of softwood lumber from Canada materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. If the ITC makes negative determinations of injury, the investigations will be terminated.

FINAL DUMPING MARGINS:

| COUNTRY | EXPORTERS/PRODUCERS | DUMPING RATES |
|----------------|---|----------------------|
| Canada | Canfor Corporation, Canadian Forest Products Ltd., and Canfor Wood Products Marketing Ltd. | 8.89% |
| | Resolute FP Canada Inc. | 3.20% |
| | Tolko Marketing and Sales Ltd. and Tolko Industries Ltd. | 7.22% |
| | West Fraser Mills Ltd. | 5.57% |
| | All Others | 6.58% |

FINAL SUBSIDY RATES:

| COUNTRY | EXPORTERS/PRODUCERS | SUBSIDY RATES |
|----------------|---|----------------------|
| Canada | West Fraser Mills, Ltd. | 18.19% |
| | Resolute FP Canada, Inc. | 14.70% |
| | Tolko Marketing and Sales Ltd. and Tolko Industries Ltd. | 14.85% |
| | Canfor Corporation | 13.24% |
| | J.D. Irving, Limited (Voluntary Respondent) | 3.34% |
| | All Others | 14.25% |

CASE CALENDAR:

| EVENT | CVD | AD |
|-------------------------------|-------------------|-------------------|
| Petition Filed | November 25, 2016 | November 25, 2016 |
| DOC Initiation Date | December 15, 2016 | December 15, 2016 |
| ITC Preliminary Determination | February 28, 2017 | February 28, 2017 |
| DOC Preliminary Determination | April 21, 2017 | June 23, 2017 |
| DOC Final Determination | November 1, 2017 | November 1, 2017 |
| ITC Final Determination* | December 18, 2017 | December 18, 2017 |
| Issuance of Order** | December 26, 2017 | December 26, 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.