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U.S. wins ruling in lumber trade spat

Dispute over export taxes

REUTERS

WASHINGTON – An international trade tribunal has ruled in favour of the United States in a dispute with Canada over a 2007 breach of the softwood lumber deal between the two nations, the U.S. Trade Representative said yesterday.

The tribunal said Canada failed to rectify its breach of the agreement through a proposed \$36.66-million government-to-government payment, the USTR said.

As a result of the ruling, the United States can continue to collect duties on lumber imports from certain provinces, the USTR said in a release.

The LCIA, formerly known as the London Court of International Arbitration, ruled in February that Canada had breached its 2006 softwood lumber trade deal with the United States by miscalculating export taxes on lumber from four provinces in the first half of 2007.

The LCIA said Canada should collect a 10-per-cent tax on the value of its softwood lumber shipments from Quebec, Ontario, Saskatchewan and Manitoba until \$68.26 million was collected.

Canada offered to pay the U.S. government directly, but that approach was rejected by the USTR, which slapped a 10-per-cent duty on the imports that it said would stay in place until it collects \$54.8 million.

The duty does not affect lumber from British Columbia, which produces about half of Canada's softwood exports to the United States.