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## **BAUCUS: COURT DECISION PROVES NEED FOR ACTION TO ENFORCE LUMBER PACT**

*London court finds Canada breached Softwood Lumber Agreement, but fails to fully enforce 2006 agreement*

*Washington, DC* – Senator Baucus expressed concern today that a decision by the LCIA (formerly the London Court of International Arbitration) fails to hold Canada fully accountable for its breach of the 2006 U.S.-Canada Softwood Lumber Agreement. The agreement is designed to protect America’s lumber industry against unfair imports of subsidized Canadian lumber. The London court found that Canada breached its commitments under the agreement by failing to properly apply export quotas. But the court also found that Canada's additional failure to accurately calculate “surge volumes,” or exports exceeding the allowable quantity, did not violate the Agreement. The court’s decision undermines the agreement by allowing an oversupply of Canadian softwood lumber to disrupt the U.S. market.

**“It’s clear from today’s decision that arbitration alone will not force Canada to live up to all of its obligations under the 2006 Softwood Lumber Agreement,”** said Baucus. **“I championed this agreement because it is supposed to protect American lumber producers – in my home state of Montana and elsewhere – from unregulated and unfairly priced Canadian lumber flooding our market. The Bush administration must use more of the tools at its disposal to enforce the agreement in its entirety.”**

Today's LCIA decision addresses a complaint brought by the United States under the Softwood Lumber Agreement alleging, among other things, that Canada did not properly apply export measures and regional Trigger Volumes, which guide the application of both quotas and export charges to exports of Canadian softwood lumber. The United States and Canada entered into the Softwood Lumber Agreement on October 12, 2006, to ensure fair imports of Canadian softwood lumber and to end all existing softwood lumber litigation between the two countries.

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