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**Written Comments of Consumers for World Trade  
Submitted to the U.S. Dept of Commerce  
August 8, 2003**

The Honorable Grant Aldonas  
Under Secretary for International Trade  
Central Records Unit, Room 1870  
U.S. Department of Commerce  
Pennsylvania Ave. & 14th Street, NW  
Washington, D.C. 20230

Attn: Softwood Lumber Policy Bulletin

Dear Mr. Aldonas:

I am writing on behalf of Consumers for World Trade (CWT), a national nonprofit organization based in Washington, DC, dedicated to representing and promoting the interests of consumers in international trade. We actively support policies that open markets and expand trade to the benefit of consumers. Along with many other organizations, we are part of the coalition known as American Consumers for Affordable Homes (ACAH), a broad-based ad hoc alliance of organizations interested in promoting affordable housing for consumers in the United States.

CWT is very interested in quickly resolving the Canadian softwood lumber dispute to remove unnecessary taxes on U.S. consumers. CWT commends the Department on its efforts to find a permanent resolution to this decades-long and costly dispute. The current 27% duties on softwood lumber imports have hurt American consumers while failing to help the U.S. lumber industry.

CWT has no objection to the Canadian lumber industry reforming its practices to avoid future lumber disputes. It is important to keep in mind, however, that the Department's prescriptions in the policy bulletin are certainly not the only way that Canada could change its practices in a way that would no longer be subject to CVD and AD action.

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While the proposed policy bulletin is a start, we do have some reservations. First the policy bulletin fails to take into consideration the financial impact of either the current 27% duties or the proposed interim measures on American consumers of softwood lumber. We therefore urge the Department to prepare and make public an analysis during and after the completion of changed circumstances reviews in order to judge the impact on the larger economy.

Second, we are concerned that the bulletin does not include Quebec. Quebec is Canada's second largest lumber producing province and is an important source of softwood lumber for the U.S. housing market, particularly on the East Coast. Failure to include Quebec in the final policy bulletin will (1) create delay in reaching a lasting solution to the softwood lumber dispute, and (2) result in unnecessary uncertainty and volatility in the lumber market. Both of these will occur at the expense of U.S. consumers.

Third, we urge the Department to implement the decisions recently handed down by the World Trade Organization ("WTO") and North American Free Trade Agreement ("NAFTA") dispute resolution panels without delay. To date the decisions rendered by those panels have ruled many of the actions taken by the Department in imposing antidumping and countervailing duties on Canadian softwood lumber inconsistent with U.S. international obligations. We anticipate that future decisions of WTO and NAFTA dispute panels will find similar flaws in the U.S. duties and expect the Department to make every effort to comply with future decisions as well. The antidumping and countervailing duties currently imposed on Canadian Softwood lumber are not only inconsistent with U.S. international obligations and U.S. law but also impose an unfair burden on U.S. consumers. In imposing these duties the Department has in effect imposed a 27 percent hidden regressive tax on lumber that harms U.S. consumers, specifically new homebuyers and U.S. homeowners. Appealing the WTO and NAFTA rulings, or using any other kind of stall tactics, will only hurt consumers more and undermine the Department's credibility, while failing to provide protection to the U.S. industry.

A home purchase is the largest single consumer purchase most people will make during their lifetimes. Government-imposed price increases on softwood lumber – which accounts for a larger share of the cost of a home than any other material – will make it significantly more difficult for American families to afford a new home. In light of the sizeable cost of new housing, many homeowners often consider remodeling an existing home as an alternative to purchasing a new home. Remodeling and home building together account for two-thirds of the U.S. lumber market. Thus, imposition of higher import duties will clearly have a broad and direct effect on most American households. According to the National Association of Home Builders, each dollar increase in the price of 1,000 board feet of lumber adds about \$20 to the price of an average new home. A \$50 increase in the average wholesale price of framing lumber alone would mean that about 300,000 families would not be able to qualify for a mortgage on an average first-time home purchase.<sup>i</sup> Moreover, increased lumber costs have a regressive effect, as

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lumber accounts for an even larger share of the total construction costs in low and moderate-income housing.

The resolution of this dispute should not depend on political considerations to the exclusion of the facts on the ground. Canadian softwood lumber complements the availability of U.S. species of lumber and provides American consumers with greater choices for quality products at affordable prices. Restrictions on imports from Canada will harm American consumers greatly. Moreover, higher duties or tariff rate quotas are unlikely to provide the U.S. lumber industry any significant benefits. Instead, trade will be diverted and the homebuilding industry will import softwood lumber from countries other than Canada, as has already happened to some extent.

Purchasing a home is a fundamental part of the American dream. Please don't make achieving this goal more difficult for American families than it is already. Consumers for World Trade urges the U.S. government to honor its free trade principles and resolve the softwood lumber dispute in a manner that does not harm the 7 million workers in lumber-dependent industries, or their 280,000 million American customers.

Thank you for the opportunity to present these comments.

A handwritten signature in dark ink, appearing to read "Robin Lanier", with a long horizontal flourish extending to the right.

Robin W. Lanier  
Executive Director  
Consumers for World Trade

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<sup>i</sup> Testimony of Bobby Rayburn, Vice President-Treasurer of the National Association of Home Builders, before the Senate Finance Committee, U.S. Senate, February 13, 2002.