RANDOM LENGTHS
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U.S.–Canada Trade Dispute Timeline

Abbreviated | 1982 to Present

The modern-day trade battle between the U.S. and Canada began in the early 1980s, and has run nearly unabated in the years since. But even going back to the Depression Era, the battle over lumber trade between Canada and the U.S. was evident. Canadian lumber exports to the U.S. were assessed a duty of $1 per thousand board feet in 1930, and it grew to $4 per thousand by 1935.

1982: The first countervailing duty case in the modern era was filed by a group of producers from the West, South, and Northeast who called themselves the Coalition for Fair Canadian Lumber Imports. It has since morphed into the U.S. Lumber Coalition. The group accused Canada of subsidizing its lumber industry, and filed a CVD case in October 1982. In May 1983, the Department of Commerce ruled that Canada's exports to the U.S. are not unfairly subsidized, and lumber can continue to enter the U.S. duty-free.

1986: The Coalition files another CVD petition in May, seeking a 27% duty on lumber exports to the U.S. In October, Commerce issues a preliminary ruling that Canada does subsidize its lumber industry and imposes a 15% interim duty on Canada. In November, Canada proposes putting a 15% tax on its exports to the U.S., which would eventually be rescinded as increased stumpage fees are charged over a five-year period. The two countries wrangle over terms of that arrangement, and just minutes before Commerce is scheduled to announce its final ruling on the duty case, a Memorandum of Understanding (MOU) is signed. Canada agrees to implement the 15% tax while making changes to its stumpage fees. By late 1987, the tax on exports from B.C. are rescinded because the province has implemented higher stumpage fees. Then in April 1988, the U.S. and Quebec officials agree to lower the tax on exports from that province to 8%. In November 1990, it is lowered further to 6.2%.

1991: In October, Canada terminates the MOU and the U.S. immediately imposes provisional duties on lumber exports from Canada. Quebec is charged the same 6.2% that was in place under the MOU and B.C. is exempt, but Ontario, Alberta, Manitoba, and Saskatchewan exports are charged a 15% duty. The U.S. officially launches another CVD case in November. In March 1992, Commerce rules that the Canadian lumber industry is subsidized, and imposes a preliminary 14.48% duty on all provinces except the Maritimes. Commerce's final decision is announced in May, and the CVD is reduced to 6.51%. After years of appeals and challenges are filed by both countries, an Extraordinary Challenge Committee eventually rules in August 1994 in favor of Canada. The U.S. returns all duties collected, plus interest, to Canada.

1996: After Canada exported 16.4 billion board feet of softwood lumber to the U.S. in 1994, which was a record at the time, talks heat up in the U.S. about another CVD case. However, after months of government-to-government talks, the Softwood Lumber Agreement is signed in April

1996. Under terms of the deal, B.C., Alberta, Ontario, and Quebec are allowed to export 14.7 bbf to the U.S. annually without penalty. Additional volumes exported over that threshold are assessed penalties of $50 and $100 per thousand board feet. Canada issues individual mill quotas under the deal, and the terms wall of wood and drilled studs become common banter among traders. The deal lasts five years, and expires on March 31, 2001.

2001: Just days after the SLA expires, the Coalition files a new CVD case, and also seeks anti-dumping duties for the first time. In August 2001, Commerce announces a preliminary CVD rate of 19.3% that is retroactive to May. In October, a preliminary AD rate of 12.6% is announced. The six companies that are investigated for dumping receive individual AD rates. In March 2002, final duties are set at a combined 27.2% (18.8% CVD, 8.4% AD). Over the next four years, more challenges and reviews are filed. By October 2006, when another SLA is signed, the combined CVD/AD rate is 10.8%.

2006: The newest SLA is signed in October 2006, and is a seven-year deal with an option for a two-year extension. Under terms of the deal, of the more than $5 billion in duties collected over the past five years, $1 billion stays in the U.S., with the Coalition receiving $500 million. The remaining $4-plus billion is returned to Canadian shippers. Under terms of the deal, taxes and/or quotas are implemented on a sliding scale. When the Random Lengths Framing Lumber Composite Price is higher than $355, no taxes or quotas are in place. B.C. and Alberta chose to have a higher tax with no quota, while Ontario, Quebec, Manitoba, and Saskatchewan chose a lower tax with a volume quota included. The SLA lasts for nine years, and expires in October 2015. As part of the deal, neither side can file a trade case for one year after its expiration.

2016: One day after Thanksgiving, the Coalition files CVD and AD petitions with Commerce. A preliminary decision in the CVD case is scheduled for April 24. However, it should be noted that in 1992, Commerce extended its deadline for a preliminary CVD decision, and then delayed for about two more weeks before announcing their ruling. At the time, Commerce explained its decision for delaying its preliminary ruling by saying the case was "extremely complicated." This review of nearly a century of lumber trade battles between Canada and the U.S. would certainly justify that statement. For the fifth time since 1982, duties are being sought on Canadian lumber shipments to the U.S.

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