



Which proposed legislation scores a big fat zero with consumers?

S. 2992, just introduced by Senator Max Baucus and co-sponsored by Senator Larry Craig, would require that nearly \$3 billion in anti-dumping and countervailing duties collected over the last three years on imports of Canadian softwood lumber be distributed to domestic timber companies now, in accordance with the Continued Dumping and Subsidy Offset Act (CDSOA), also known as the Byrd Amendment.

This is a **horrible** idea for a number of reasons:

1. The Continued Dumping and Subsidy Offset Act (CDSOA), also known as the Byrd Amendment, permits the distribution of **legally** collected duties. A NAFTA panel is about to rule that the lumber duties were illegally collected. In addition, the CDSOA itself has been ruled to be **illegal** by the World Trade Organization. Our trade partners intend to impose sanctions on our exports beginning in January until we repeal or amend the CDSOA. Distributing an additional \$3 billion in duties in blatant disregard of international trade law would make American producers vulnerable to an **additional \$3 billion in sanctions**. Why should American exporters pay for the greed of a few timber companies?
2. Canada has sued the United States in both NAFTA and the WTO claiming these duties were wrongfully imposed. The \$3 billion in duties is currently in escrow pending completion of the NAFTA case. If Canada wins as anticipated, the duties plus interest will have to be returned.
3. The current 28% duties on softwood lumber were imposed at the request of a group of protectionist southern land owners and five large timber companies. Each member of this group would gain hundreds of millions of dollars should these funds be distributed. This acts as a subsidy from which not every U.S. domestic timber producer would benefit. Only those few who signed the petition requesting duties would benefit. Their domestic competitors would be left out in the cold.
4. Distributing these funds before the completion of the case is illegal according to NAFTA procedures. Once the funds have been distributed to domestic timber companies, it will be impossible to take them back, and American taxpayers will have to cough up the \$3 billion plus interest. Since the cost of duties is passed along to end consumers, we Americans will get shafted twice – once in our capacity as consumers of new homes and lumber products, and again as taxpayers. More than 300,000 low income American families have been priced out of the housing market thanks to the duties on lumber. **To hit them up for another \$3 billion is an outrage!!** For these reasons,



Consumers for World Trade Urges Congress to Reject S. 2992

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