



March 4, 2004

United States Senate
Washington, DC

Dear Senator:

Consumers for World Trade (CWT) is a national nonprofit organization based in Washington, DC, and is dedicated to representing and promoting the interests of American consumers in international trade. We are writing in response to the possible addition of an amendment to S. 1637, the FSC-ETI legislation, that could cut more than a half-million American families out of the new housing market. The amendment, S. 219, would have the effect of doubling countervailing duties on lumber so long as there is any type of anti-dumping duty in effect. This would effectively double the current tariffs on imported Canadian softwood lumber.

In May 2002 the Commerce Department imposed 27% duties on softwood lumber from Canada. This has had the effect of adding nearly \$1,000 to the price of a new home, impacting housing affordability and serving as a regressive tax on the poorest Americans. It is estimated that as many as 300,000 low-income families have been priced out of the new home market, even with today's low mortgage interest rates.

S. 219 could deny as many as 200,000 additional American families a chance at the American dream – a home of their own. We strongly urge you to oppose any amendments to Foreign Sales Corporation legislation, such as S. 219, which would increase the current sales tax on lumber from 27 percent to nearly 50 percent.

A NAFTA trade panel has twice found that the International Trade Commission failed to prove injury to the domestic lumber industry. International trade panels have also found that the U.S. used inappropriate methods to calculate anti-dumping and countervailing duties on lumber, and has asked the U.S. Dept of Commerce to recalculate them. To increase these duties when they were improperly calculated and not justified in the first place is an outrage to American consumers. In addition, this new law is not WTO compliant, and will only result in the U.S. being sued by our trade partners.

For these reasons CWT urges you to oppose S. 219 and support housing affordability and open lumber markets between the U.S. and Canada.

Sincerely,

Erik Autor
President