



February 10, 2006

Hon. Gordon Smith
400 Russell Senate Office Building
Washington, DC 20510

Re: Economic Impact on Trade Dispute Concerning Certain Softwood Lumber from Canada.

Dear Chairman Smith:

I am writing on behalf of Consumers for World Trade (CWT), to express our views on the issue of the economic impact of the current dispute between the United States and Canada over softwood lumber. By way of background, CWT is a national, non-profit, non-partisan organization, established in 1978 to promote the consumer interest in international trade and to enhance the public's awareness of the benefits of an open, multilateral trading system. CWT is the only consumer group in America whose sole mission is to educate, advocate and mobilize consumers to support trade opening legislation.

American consumers have absorbed almost \$5 billion in antidumping and countervailing duties since the United States imposed these border taxes on Canadian softwood lumber imports back in 2001. While it is technically true that border taxes such as these are paid by importers, the sad fact of the matter is that these taxes are passed along to end-user consumers, as well as housing contractors and builders. The bottom line is that the dumping duties of 9.67% and countervailing duties of 19.2% imposed on Canadian softwood lumber products have increased new home prices by roughly \$1,000.

While a \$1,000 may not seem much in relation to today's high home prices, this extra cost adversely impacts America's lowest income households--those struggling to qualify for a mortgage and make a down-payment on a new home. More to the point, an extra \$1,000 in construction supplies seriously impacts those Americans hard-pressed to rebuild their homes in the aftermath of last summer's disastrous hurricanes. Homeowners looking to rebuild along the Gulf Coast already complain of both the high price of construction materials and a chronic scarcity of materials. Antidumping and countervailing duties on Canadian softwood lumber have certainly contributed to this situation.

CWT urges the Committee to recommend the repeal of Canadian softwood lumber antidumping and countervailing duties to help lower income American qualify for a mortgage and speed the recovery effort along the Gulf Coast. By repealing these duties, the U.S. will also honor its international obligation to one of its most important trading partners. A recent North American Free Trade panel ruled against the United State's continued antidumping and countervailing duty imposts on Canadian lumber citing inadequate evidence of threat of injury to the US lumber injury. Despite this ruling, our government has insisted on levying these duties against Canadian lumber imports that punishes would-be home buyers and hurricane victims.

If you have any questions about CWT or its views on this issue, please feel free to contact me at (202) 293-2944 ext. 201. Thank you for this opportunity to submit written comments.

Sincerely,

Robin Lanier
Executive Director