

HEARING TESTIMONY OF SENATOR WYDEN BEFORE THE U.S. INTERNATIONAL
TRADE COMMISSION

Softwood Lumber from Canada, Inv. Nos. 701-TA-566 and 731-TA-1342 (Final)

September 12, 2017

Thank you Madam Chairwoman, and members of the Commission.

Market-distorting Canadian forest policies have plagued the U.S. lumber industry for decades. The problem is simple: Canada's provinces allow lumber companies to harvest trees from government timberlands at rock-bottom bargain rates. This incentivizes Canadian producers to cut more trees, to produce more lumber, and then to sell that lumber at cheap rates in the United States. As the Commerce Department preliminarily found, Canadian producers are selling dumped and subsidized lumber throughout America.

American lumber companies are some of the most efficient and competitive in the world. But over time these market-distorting Canadian practices have unfairly harmed U.S. producers and eroded their ability to compete. Subsidies artificially inflate Canadian company profits and insulate Canadian mills during market downturns. Then U.S. mills are forced to bear the brunt of soft markets, contributing to more U.S. mill closings and layoffs. Even in an up market, U.S. mills are at a disadvantage: their profitability is suppressed and they are unable to add jobs or invest in their mills at the pace they would otherwise pursue. U.S. timberland owners are also hurt, as the value of their land declines in response to losses in the U.S. industry.

Fundamentally, this case is about American jobs and ensuring a fair shake for our companies and our workers. Canadian subsidies have contributed to lost jobs and lost opportunities for the more than 350,000 Americans employed in the sawmill and wood preservation industries in our country, and it has also caused declining land values for 11 million American private landowners. Mill jobs are especially crucial for rural communities. They often pay well and are high-skill jobs that don't always require a college degree but provide valuable training. When mill jobs are lost, whole communities suffer in rural Oregon and rural America: fewer customers at the diner down the street, fewer dollars to spend at the hardware store, and more worried families trying to make ends meet. This is the byproduct of these policies.

What is most troubling for U.S. sawmill workers and mill communities is that, even when markets are up, the jobs do not come roaring back. Employment, production, and investment remains suppressed, and as you will hear today, Canadian forest policies are a key reason for that. I have seen this phenomenon play out first hand in my home state. Forestry is enormously important to Oregon, and has been for centuries. Even today, in some Oregon counties, more than one in four jobs depend on the forestry sector. In the past few years, there has been very substantial consumer demand in the United States for lumber. Yet, even when lumber markets are strong, subsidized Canadian mills have taken market share from my constituents. That has left Oregon mill owners unable to add jobs or invest in their mills to the extent they would in the absence of Canadian subsidies. As a result, millworkers and communities in my state continue to struggle.

As the ranking Democrat on the Senate Finance Committee, I am committed to standing up for all American workers through tough trade enforcement. It is absolutely vital that our country fully enforce its trade laws and address unfair trade. Congress made clear the central importance of trade enforcement when it passed a package of substantial improvements to U.S. enforcement laws in 2015. As part of that package, Congress made clear that the Commission cannot conclude that a U.S. industry is not harmed by unfairly traded imports simply because the industry is profitable or its performance is improving. So just because markets get better, or the company happens to find another path out of the red, that does not mean that this Commission is absolved from addressing the underlying problem of unfair trade. Congress also made clear that the Commission should consider the full range of factors when considering the impact of unfair trade on domestic industry.

Bottom line, it is critical that this Commission tackle the impacts of unfair trade on U.S. industries, including the lumber industry -- not just when companies are on the brink of bankruptcy, not just in down markets, but whenever the evidence demonstrates that companies are harmed by unfairly traded imports. American millworkers deserve nothing less.

I appreciate your work on these important issues, and thank you again for your time today.