

**Testimony of Senator Jon Tester**  
**Before the International Trade Commission**  
**Investigation No. 701-TA-566 and 731-TA-1342 Antidumping and Countervailing Duty**  
**Investigations on Softwood Lumber from Canada**  
**September 12, 2017**

Chairman Schmidlein, Vice Chairman Johanson, and Commissioners, thank you for the opportunity to testify today. This is a vital investigation for the thousands of hard working men and women in Montana's timber industry.

The timber industry is a critical component of Montana's economy and heritage. Our mills, however, are facing a multitude of external challenges that are threatening its vibrant past. Mills are dealing with timber supply issues, unfavorable exchange rates and blatantly unfair trade practices by Canada.

I strongly believe that our mills remain well equipped to compete with the rest of the world as long as we hold foreign competitors accountable to our trade deals. We must prioritize ensuring mills are able to compete on a level playing field, which is what brings us all together today.

Our nation relies on the International Trade Commission to enforce trade laws and to defend American jobs when a foreign trading partner intentionally distorts markets to gain an advantage. Canada's unfair timber subsidies are a prime example of a foreign country providing an edge to its domestic industry to the detriment of its trading partners.

Today, I will share a few thoughts on how Canada's market distortions are harming Montana's timber industry. These comments are based on what I have heard from folks on the ground in Montana through my face-to-face meetings with my constituents. In addition, I will urge the Commission to fulfill its mission of enforcing American's trade laws and holding market manipulators accountable.

The Montana timber industry supports around 7,000 jobs in Montana. These jobs include millworkers, loggers, truck haulers, engineers and other manufacturers. While 7,000 jobs may not sound like a substantial number of jobs in urban areas, I promise you that 7,000 jobs plays a significant economic role in rural Montana, especially in a state with only 1 million people.

While Montana did not become a state until 1889, Catholic missionaries established the first known sawmill in 1845. The mill was water powered and used a single blade chiseled from a wagon iron tire. Over the course of the last 170 years, the timber industry thrived, technology grew and Montana established itself as an incredible place to do business.

As with most industries, the last 170 years delivered peaks and valleys as markets changed and trade evolved. Unfortunately, in recent years, our mills are experiencing more bad than good. News announcing layoffs at mills are becoming far too regular and the Montana counties that rely most on the timber industry have a significantly higher unemployment rate than the rest of the state.

There is no doubt that the expiration of the 2006 Softwood Lumber Agreement in 2015 is a contributing factor to the latest downturn. Canadian softwood lumber imports surged 33 percent over the last two years.

The loss of market share is especially troubling because Canada does not use a fair market system to set prices for raw timber. Unlike the United States, where a large majority of timber is sourced from private lands at a fair market value, most Canadian timber is on public land and the Canadian provincial governments artificially set the harvesting prices. The system, known as stumpage fees, provides a sizeable competitive advantage to Canadian mills. Stumpage fees amount to the Canadian government providing a subsidy to businesses that are directly competing with unsubsidized American businesses.

That's why it is incredibly important that we use trade laws enacted by Congress to hold the Canadian government accountable and level the playing field for our domestic industry.

In the long run, I believe it is critically important that we work together with Canada and the United States' timber industry to negotiate a new softwood lumber agreement that works for both sides. I am pleased to report that some progress has been made, and I will continue to urge our United States Trade Ambassador to prioritize getting a new deal in place.

The reality, however, is that getting a new softwood lumber agreement in place is likely going to take some time. To limit the onslaught of subsidized Canadian lumber into our markets, we must immediately deploy our trade enforcement tools. Our mills and our economy simply cannot afford to wait any longer.

Thank you for holding this hearing today and for your commitment to trade enforcement. I know that you all put American jobs first. I look forward to working with the Commission on this issue and any other that defends the livelihood of hard working Americans.