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Northwest Lumber Producers Watching Canada Closely

by **Julie Sabatier** Follow OPB | March 6, 2017 2:06 p.m. | Updated: March 14, 2017 12:18 p.m.



Loading logs onto the line at a lumber mill in Glendale, Oregon.

Jes Burns, OPB/EarthFix

A long-standing trade dispute between the U.S. and Canada over softwood lumber is heating up again. Softwood comes from coniferous trees — pine, fir, and other timber native to the Pacific Northwest — and it's exempt from the North American Free Trade Agreement (NAFTA).

A decade-old softwood lumber agreement between the two countries expired in 2015 and lumber producers in Oregon and Washington are watching closely to see what President Trump's trade team will negotiate in its place.

Last year, the U.S. sent \$168 million worth of softwood lumber to Canada, roughly \$31 million of it from Oregon.



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“It really boils down to the differences between the two countries’ forest industries,” said Naomi Christensen, senior policy analyst for the nonpartisan Canada West Foundation.

The majority of Canadian timber is on government-owned land, which is the opposite of the U.S. where most available timber is on privately-owned land. American producers argue that the Canadian government unfairly subsidizes its lumber, making it harder for mills in the U.S. to compete with our neighbors to the north.

It’s unclear if a new agreement will be negotiated any time soon. **Without an agreement, Christensen says she’s expecting to see tariffs on Canadian lumber coming into the U.S. by early summer.**

She cautions that **while a new tariff could be good for U.S. producers in the short-term, it would likely have a negative long-term economic impact because it would increase costs for home builders.**

“Builders may substitute a cheaper building material and that’s really not good for American or Canadian producers.”

Christensen points out that the economic picture has shifted since the last agreement was signed in 2006, which could provide more leverage for Canada. While the U.S. is still Canada’s number one softwood customer, **Canadian producers have begun to diversify, sending more lumber to markets in Asia.**

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