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## NEWS RELEASE

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Ministry of Forests, Mines and Lands

### **B.C. IS ABIDING BY SOFTWOOD LUMBER AGREEMENT**

VICTORIA – Forests, Mines and Lands Minister Pat Bell responded today to the U.S. government’s filing for arbitration under the U.S.-Canada 2006 Softwood Lumber Agreement about British Columbia’s timber pricing policies.

“British Columbia has always honoured and continues to honour its commitments under the softwood lumber agreement,” said Bell. “I am confident the arbitrators will find the same.”

The U.S. complaint is based on the large volumes of mountain pine beetle-attacked timber that have been harvested. British Columbia’s auction-based pricing system ensures that the full value of timber – whether impacted by the unprecedented mountain pine beetle infestation or not – is captured by the government.

“Clearly the scale of the mountain pine beetle infestation is something we’ve never experienced before, and is the reason for an increased harvest of low-grade timber in British Columbia,” said Bell. “I believe U.S. lumber producers would be better off if they continued to work with Canadian producers to grow the market for wood across North America, instead of putting their resources into costly, groundless litigation. The irony behind the U.S.’s complaints is that since the Softwood Lumber Agreement came into force, U.S. lumber producers have actually increased their share of the U.S. market. In the meantime, British Columbia will continue to develop the China market where we’ve seen exponential growth in recent years. Last year, for example, we almost doubled our lumber exports to China compared to 2009, which is helping to put people back to work in B.C. mills.”

Under the terms of the Softwood Lumber Agreement, the arbitration will be conducted by the London Court of International Arbitration (LCIA). The U.S. and Canadian governments must each nominate an arbitrator within 30 days (by Feb. 17). The two arbitrators then must nominate a chair within 10 days. Following this, the LCIA must formally approve the arbitration panel made up of three arbitrators, including the chair. Overall the arbitration process could last for two or more years before a decision is made. Decisions by the LCIA are final and binding on both parties.

While the arbitration process is ongoing, there is no change in how B.C. lumber is shipped to the U.S. – the export tax continues to be collected at the border with revenues being directed to B.C.’s Consolidated Revenue Fund.

The current Softwood Lumber Agreement came into effect in October 2006 and is set to expire in October 2013, with an option to renew to October 2015.

Contact: Cheekwan Ho  
Public Affairs Officer  
Ministry of Forests, Mines and Lands  
250 387-4592

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