

B.C. Lumber Producers File Statement of Defense in Pine Beetle Export Case

A statement of defense has been filed against a complaint alleging violations of the Canada-U.S. softwood lumber agreement involving the export of wood from trees savaged by the mountain pine beetle in British Columbia.

The more than 200-page statement, outlining U.S. allegations and Canada's response, was filed earlier this week before the London Court of International Arbitration.

It was unclear when a decision will be rendered in the case. Canada had until November to respond to the complaint and oral arguments had been scheduled for February in Washington, D.C.

U.S. forestry companies contend that B.C. trees destroyed in the mountain pine beetle epidemic have been turned into logs or lumber at unfairly low provincial government cutting fees and shipped to the U.S. market.

B.C. lumber producers have argued all along that the U.S. complaint is without merit and ignored the devastating impact of the pine beetle on the B.C. Interior, according to the British Columbia Lumber Trade Council, which represents 85 per cent of the province's lumber producers.

The council has also noted that despite efforts to increase the harvest of beetle-damaged pine, the province's share of the U.S. market has fallen significantly while offshore export volumes, particularly to China, have grown.

Among other things, the statement says the U.S. case accuses the B.C. government of actions that merely increase the likelihood of logs being misgraded; arguing that case law requires that it show that a benefit "was indeed provided."

Even if the United States could show that B.C.'s actions caused the diversion of more logs into Grade 4, it has still failed to satisfy its burden of proof "unless it could establish that the actions caused Grade 2 logs to be misgraded . . . and that producers paid a lower price for logs than they otherwise would have."

Canada also argues that the U.S. had failed to show that "a benefit that may have been conferred on harvesters of timber through lower stumpage rates for improperly graded logs has been passed through to exporters or producers of softwood lumber."

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