

U.S. to Impose 10% Duty on Canadian Lumber from Four Provinces Effective April 15

A 10% customs duty will be placed on imports of softwood lumber products from the Canadian provinces of Ontario, Quebec, Manitoba and Saskatchewan, the U.S. Trade Representative announced today. The duty will affect shipments covered by the U.S.-Canada Softwood Lumber Agreement of 2006 (SLA) that are entered for consumption (or withdrawn from warehouse for consumption) on or after April 15, 2009.

The requirement is to remain in place until the United States has collected \$US54.8 million in duties.

In a press release issued today, the Office of the United States Trade Representative indicated that the duties are the result of the United States' decision to exercise its right to take action in response to Canada's failure to cure a breach of the 2006 Softwood Lumber Agreement (SLA) and failure to impose compensatory measures in accordance with the decision of an arbitration tribunal. Although Canada offered to pay the U.S. Government payment of \$C46.7 million to cure the breach, the U.S. rejected this offer as insufficient and elected to implement the 10% duty. Canada has requested arbitration with respect to the sufficiency of its offer. A copy of the USTR's press release is available at:

http://www.ustr.gov/Document_Library/Press_Releases/2009/April/United_States_Imposes_Tariffs_On_Softwood_Lumber_From_Four_Canadian_Provinces_Due_To_Canadas_Failure_To_Comply_With_The_Softwood.html

The USTR has prepared a notice regarding the duty requirement that is expected to be published in the Federal Register on or about April 10, 2009. A copy of the notice will be available on our website at www.ngjensen.com under "Hot Topics" in the near future.

Until the duty requirement is terminated, U.S. imports of Canadian lumber whose region of origin is Ontario, Quebec, Manitoba or Saskatchewan entered on or after April 15, 2009 will require two tariff classification subheadings: (1) the tariff classification normally applicable to the merchandise; and (2) HTSUS subheading 9903.53.01, which carries the 10% *ad valorem* duty rate.

NGJ has taken steps to file entries in a manner intended to legally avoid the unnecessary applicability of duties to shipments imported prior to April 15, 2009.

If you have questions regarding this issue, please contact your NGJ account representative or nearest NGJ office, or e-mail questions to compliance.us@ngjensen.com.

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