

## **Position on Softwood Lumber Agreement Negotiations with the United States**

### **Who are we and what do we do?**

The Association of Lumber Remanufacturers of Ontario (ALRO) is comprised of privately owned Certified Independent Remanufacturer companies in Ontario. We purchase our required lumber inputs from the primary sawmills who obtain their log supply from tenured crown land, and we process and remanufacture their lumber to create value added lumber products. We ship our products throughout Canada, the United States, and offshore.

In 2016, the members of the ALRO collectively employed almost 900 people directly and nearly an additional 3500 people indirectly.

During the free trade period of November 1<sup>st</sup>, 2015 through October 31<sup>st</sup>, 2016, our members collectively exported over 164 million board feet of softwood lumber to the United States. That represents almost 15% of Ontario's US lumber exports.

### **What do we want?**

In a trade dispute with a long history, ALRO believes that any agreement negotiated by the Canadian Government on our behalf should include the following:

#### **Exemption for remanufactured softwood lumber products produced by certified independent lumber remanufacturers**

Through the administration of the 2006 Softwood Lumber Agreement (SLA), Certified Independent Lumber Remanufacturers have earned the right to exemption for our products. The certification audit and compliance processes established and administered under the 2006 SLA have been a hallmark of success for this last agreement, allowing for a more acute focus on the underlying trade issues.

Over the last 10 years, we have demonstrated that our operations are free of any alleged subsidy based on our certified independence from tenured operators, our arms-length and free market acquisition of lumber, and our adherence to accepted processes for the production of remanufactured softwood lumber products.

#### **Retroactive duties, deposits, tariffs and/or duty calculations should be calculated on first mill value**

Now that the trade case has begun and shipments of Canadian softwood lumber are subject to countervailing and anti-dumping deposits, ALRO insists that **all retroactive duties, deposits, tariffs and/or duty calculations be based on the first mill value of all remanufactured products from independent remanufacturers**. This right has already been enshrined in the 2006 SLA.

## Full quota status

Under the 2006 SLA agreement, Independent Remanufacturers were granted full quota status. During this time, our members not only shipped 100% of our allocated quota, we also shipped a substantially greater amount through transfers of unused quota from our suppliers.

It is essential that Certified Independent Remanufacturers be assigned the appropriate allocation. This will enable us to make the appropriate capital expenditures necessary to create long-lasting jobs in Ontario.

## Who should care, and why?

### 1. Ontario Sawmills

By selling their low grade lumber to remanufacturers rather than exporting it directly into the United States, Canadian sawmills greatly strengthen their anti-dumping defence.

### 2. Governments of Ontario and Canada

Individually and together, the members of ALRO form an important sector that significantly contributes to value-added processing, innovation and high value Canadian jobs. Because remanufacturers create 7 times as many direct jobs as sawmills on a volume basis, it is in our Government's best interest to keep these jobs in Canada, as opposed to exporting them to the United States.

### 3. US Coalition

By keeping low grade lumber for remanufacture in Canada, it will raise the prices for low grade lumber in the United States, to the benefit of their sawmills.

## Who recognizes our unique circumstances?

### 1. The US SLA Industry Coalition

In 2006, US Coalition spokesperson John Ragosta stated that Independent Canadian remanufacturers were not the target of the coalition. He noted that remanufacturers were being caught up in the dispute between the Coalition and Canadian primary producers, and "are akin to unfortunate innocent victims of a drive-by shooting"

### 2. The US and Canadian Governments

In the SLA of 2006, Section XXI, paragraph 31 clearly notes that an *"Independent Manufacturer of Remanufactured Softwood Lumber Products"* means a Canadian Manufacturer of Remanufactured Softwood Lumber Products that does not hold Crown tenure rights and, after the Effective Date, has not acquired standing timber directly from the Crown and is not an Associated Person with respect to a Tenure Holder or any Person that has acquired standing timber directly from the Crown;

### 3. The Province of Ontario, which has included us as equal partners in all calls and discussions.

**All other Canadian Provinces**, which support the Independent Remanufacturer certification process. **Global Affairs Canada**, which has included us as equal partners in all calls and discussions, and has invited us to be members of their Business Advisory Council.