

## **WHO HAS THE HIGHEST COUNTERVAILING DUTY RATE IN CANADA?**

When the US Department of Commerce announced the Countervailing Duty rates on April 24<sup>th</sup>, 2017, the industry was taken aback by how high West Fraser's rate was relative to the rest of the country.

The truth is, even they got a fabulous deal relative to the innocent victims in this lumber dispute, the Independent Lumber Remanufacturer. With the June 26<sup>th</sup> addition of the anti-dumping rate, the inequity is now even greater.

Independent Lumber Remanufacturers have never been accused of or shown to receive any subsidy from any government, nor have we participated in any Federal or Provincial programs. Furthermore, all the lumber we purchase is at arms-length and at fair market value, thus extinguishing any alleged subsidy a sawmill may receive.

***And yet, we have been hit the hardest.***

***It is essential that deposits, tariffs and or duty calculations be based on the first mill value of all remanufactured products from independent remanufacturers.***

	JD Irving	Resolute	Tolko	Canfor	West Fraser	ALRO
CVD Rate	3.02%	12.82%	19.50%	20.26%	24.12%	19.88%
AD Rate	6.87%	4.59%	7.53%	7.72%	6.76%	6.87%
Combined Rate	9.89%	17.41%	27.03%	28.08%	30.88%	26.75%
FOB Mill Price	\$300	\$300	\$300	\$300	\$300	\$300
Freight to CDN Destination						\$100
Remanufacturing Costs						\$150
Profit						\$50
<b>Net sell price excluding international freight</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	<b>\$300</b>	<b>\$600</b>
Countervailing Duty	\$29.67	\$53.31	\$81.09	\$84.24	\$92.64	\$160.50
<b>Effective duty rate</b>	<b>9.89%</b>	<b>17.77%</b>	<b>27.03%</b>	<b>28.08%</b>	<b>30.88%</b>	<b>53.50%</b>

All low-grade lumber that is produced by Canadian sawmills must be remanufactured into another product. The process of remanufacturing is very labour intensive and requires a substantial number of employees to produce.

In Ontario alone, ALRO members are responsible for over 4400 direct and indirect jobs. Without access to the United States, Canadian Independent Remanufacturing jobs will be lost to the US. This migration of jobs will occur either by Canadian companies acquiring US assets or by US competitors increasing their production and taking our customers. Either way, the jobs in Canada are lost.