

BakerHostetler

Baker&Hostetler LLP

Washington Square, Suite 1100
1050 Connecticut Avenue, N.W.
Washington, DC 20036-5304

T 202.861.1500
F 202.861.1783
www.bakerlaw.com

Elliot J. Feldman
direct dial: 202.861.1679
EFeldman@bakerlaw.com

November 23, 2015

VIA E-MAIL (WEBMASTER_SUPPORT@TRADE.GOV)

The Honorable Penny Pritzker
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

Re: Comments Regarding Subsidy Programs Provided By Countries Exporting Softwood Lumber And Softwood Lumber Products To The United States (80 Fed. Reg. 63957)

Dear Secretary Pritzker:

We submit these comments on behalf of Resolute Forest Products Inc. ("Resolute") in response to the request by the Department of Commerce ("Commerce" or "the Department") for comments on Subsidy Programs Provided By Countries Exporting Softwood Lumber And Softwood Lumber Products To The United States. 80 Fed. Reg. 63957 (Dep't of Commerce, October 22, 2015). Resolute is the leading softwood lumber producer and exporter in Central Canada, and a member of both the Conseil de l'industrie forestière du Québec ("CFIQ") and the Ontario Forest Industries Association ("OFIA").

The Department's June 2015 Softwood Lumber Subsidies Report To The Congress contains substantially the same subsidy allegations as the previous report provided to Congress

The Honorable Penny Pritzker
Secretary of Commerce
U.S. Department of Commerce
November 23, 2015
Page 2

by the Department in December 2014. CFIQ and OFIA addressed the same issues previously in comments they submitted to the Department on May 26, 2015. We have attached those comments here and incorporate them with this submission.

The Department's June 2015 Report to Congress includes an additional subsidy allegation that "Canada imposes export controls on logs, pulpwood and red cedar products to promote further processing in Canada." June 2015 Report at 11. The Department should note that the WTO panel in *United States—Measures Treating Export Restraints as Subsidies*, WT/DSR194/R, Panel Report 29 June 2001, a case brought by Canada, found that export restraints did not constitute a financial contribution under Article 1.1 of the WTO's Subsidies and Countervailing Measures Agreement because they did not constitute a government-entrusted or government-directed provision of goods. Moreover, the Department should recognize that the United States Department of Interior, Bureau of Land Management, imposes and enforces restrictions on the export of unprocessed timber from federal lands in the United States, see e.g., 43 C.F.R. 5400.0-3(c) and (e), and should consider the international trade implications for U.S. exporters of lumber that would arise from a policy equating log export restrictions with countervailable subsidies.

At the end of each of four rounds of protracted legal disputes, Canadian softwood lumber exports to the United States have never been found to be unfairly subsidized or to injure or threaten injury to any U.S. industry. The 2006 Softwood Lumber Agreement between Canada and the United States has expired and U.S. lumber manufacturers are not able to provide all of the lumber demanded by U.S. homebuilders. There remains no basis for the

The Honorable Penny Pritzker
Secretary of Commerce
U.S. Department of Commerce
November 23, 2015
Page 3

Department to construct trade barriers to shut out Canadian softwood lumber and raise prices
on new homes for Americans.

Respectfully submitted,

Elliot J. Feldman (MSG)

Elliot J. Feldman
John J. Burke
Michael S. Snarr

Counsel to Resolute Forest Products Inc.

Enclosure