



# Office of the U.S. Trade Representative

*Office of Monitoring and Enforcement  
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## **RECENT EVENTS**

### **Tires 421 Appellate Body Hearing -**

The United States participated in an oral hearing before the WTO Appellate Body in China's appeal of the dispute settlement panel decision in the Tires 421 case. In December 2010, the Dispute Settlement Panel ruled in favor of the United States that additional duties imposed by President Obama on certain tires from China do not violate WTO rules. The duties seek to remedy market disruption from Chinese tire imports. China's appeal seeks to overturn the panel's decision.

### **EU-ITA Period of Time for EU Compliance Ends -**

The period of time for the EU to bring its measures into compliance with the WTO ruling ended on June 30, 2011, in the dispute brought by the United States on EU tariffs on certain information technology products. As of July 1, the EU may no longer apply duties to the products that were the subject of the ruling - certain set top boxes, flat panel displays, and multifunction digital machines (e.g., all-in-one

## **August Enforcement Update: U.S. Submits Statement of Case in Arbitration Under the U.S.-Canada 2006 Softwood Lumber Agreement**

On August 9, the United States submitted its Statement of Case in the third arbitration brought under the U.S.-Canada 2006 Softwood Lumber Agreement (SLA). The United States initiated dispute settlement, as provided for under the SLA, after Canada failed to address U.S. concerns over the apparent under-pricing of Crown timber in the British Columbia Interior. Since 2007, the government of British Columbia ("BC") has sold increasing and unjustifiable amounts of publicly-owned timber for the low, flat price of 25 cents per cubic meter. This under-pricing has provided a substantial benefit to lumber producers, who use the nominally-priced timber as an input for softwood lumber products, and constitutes a breach of the SLA because it has the effect of reducing or offsetting the export measures provided for in the Agreement. The United States has requested that the tribunal order Canada to apply an additional export charge to exports from the British Columbia Interior to collect C\$499M.

The British Columbia Interior is among Canada's largest exporting regions of softwood lumber products. Since the 1990s, the BC Interior has experienced a mountain-pine beetle outbreak which has killed a good portion of Interior pine - but has not significantly affected the quality of the logs harvested from the pine for purposes of making softwood lumber products. Logs harvested from trees affected by the mountain-pine beetle are known to remain viable for lumber production for many years. However, in early 2007, BC began to sell increasing amounts of beetle-affected logs for the minimum, flat price reserved for timber deemed to be unacceptable for lumber. Because producers purchase these logs and do, in fact, use them to make lumber, this under-pricing is inconsistent with Canada's SLA obligation to maintain or improve the extent to which provincial timber pricing reflects market conditions. Indeed, this benefit in the form of a cheap input has conferred an advantage to Canadian lumber producers at a time when the entire North American industry is suffering from the decline in the housing market.

The Department of Justice brought the dispute, at the request of USTR, before the LCIA (formerly the London Court of International Arbitration). The hearing is scheduled for the end of February 2012.

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printers). The United States is conveying to the EU its concerns with respect to some aspects of the EU's compliance measures, which will be discussed at the July 20 meeting of the WTO Dispute Settlement Body.

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<b>Legend</b>	<b>Consultations</b>	<b>Panel</b>	<b>Appellate Body</b>	<b>Implementation</b>	<b>Other</b>
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