

Softwood & NAFTA

Where do we go from here?

CANADA WEST FOUNDATION

cwf.ca

The Canada West Foundation focuses on the policies that shape the West, and by extension, Canada. Through our evidence-based research and commentary, we provide practical solutions to tough public policy challenges facing the West, and Canada as a whole, at home and on the global stage.

CHAMPIONS (\$50,000+)

Arthur J.E. Child Foundation
Endowment Fund
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The Community Fund
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Enbridge

Government of Alberta

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PATRONS (\$25,000+)

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Calgary Economic Development

Brian Felesky

Jim Dinning and Evelyn Main

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Farm Credit Canada

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Softwood Lumber Agreement Negotiations

- Stalled; lack of interest in a deal from U.S. industry
- No movement until NAFTA completed



Current Landscape

U.S. duties

Anti-dumping
= 6.04%

Countervailing
= 14.2%

Average combined
= 20.24%

“Canadian lumber producers [are] passing off 100 per cent of these duties that they’ve faced so far in 2017 right onto the backs of the U.S. consumer.”

Financial Post, Nov. 15, 2017

Factors that changed during the SLA

- U.S housing starts
- Canadian timber supply
- Integration in N.A. lumber market
- Lumber prices
- Can-U.S. exchange rate
- Canada's customer base for softwood

U.S. economy
needs Canadian
softwood lumber

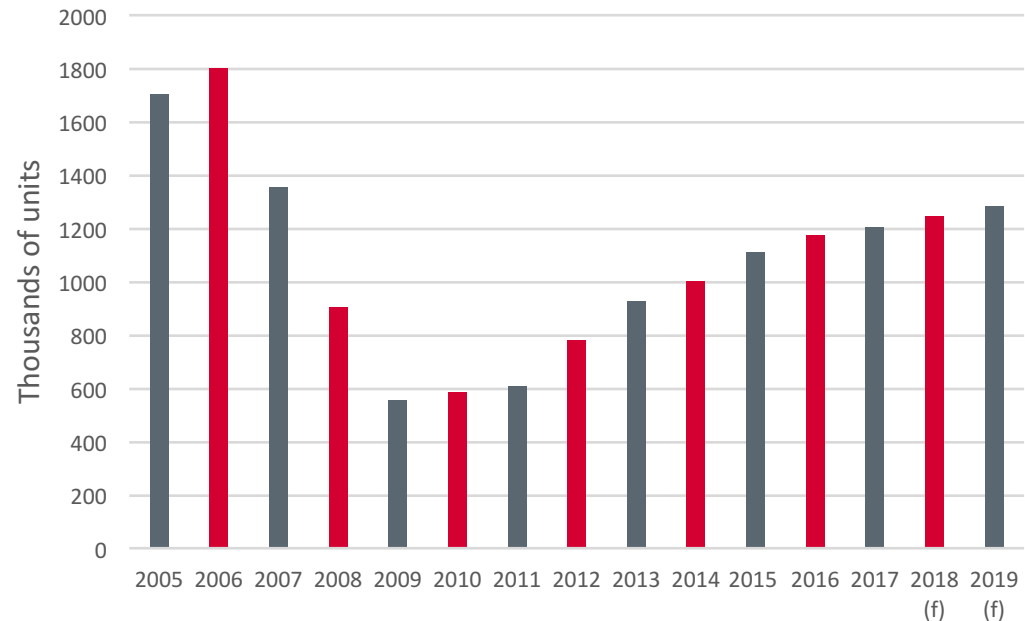


U.S. HOUSING STARTS

CDN TIMBER SUPPLY

Source: U.S. Census Bureau;
National Association of Home Builders

U.S. Housing Starts (2005-2019)



Canada's timber
supply is declining

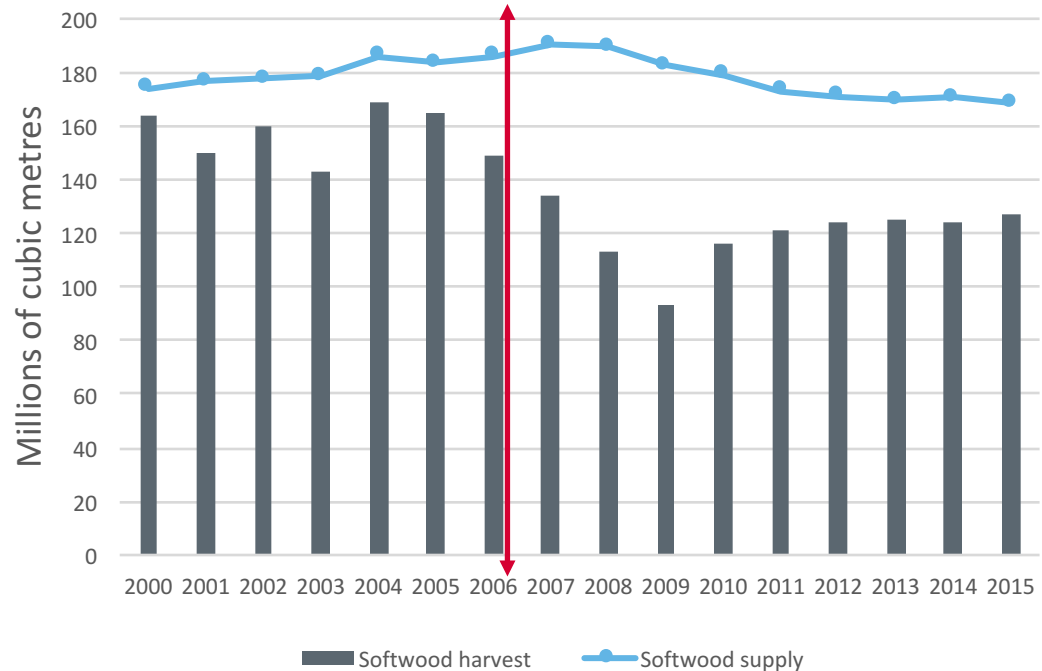


U.S. HOUSING STARTS

CDN TIMBER SUPPLY

Source: National Forestry Database

Annual softwood supply v. harvest



Supply will limit
Canadian market
share in U.S.

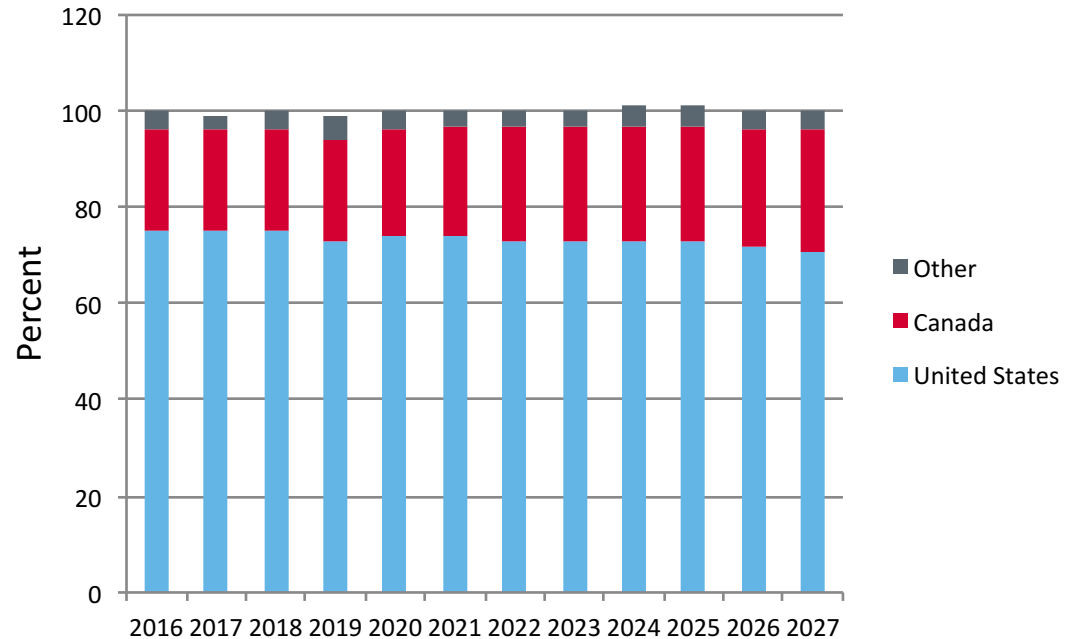


U.S. HOUSING STARTS

CDN TIMBER SUPPLY

Source: RISI Inc., North American
Timber Forecast

U.S. softwood lumber market share forecast

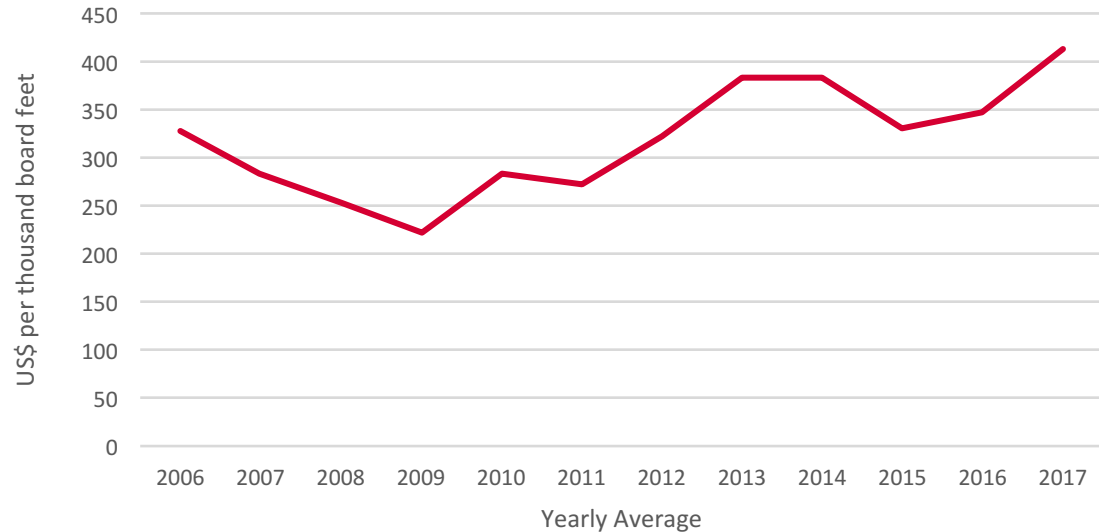


Prices are near
record highs



Source: Random Lengths

Framing Lumber Composite Price



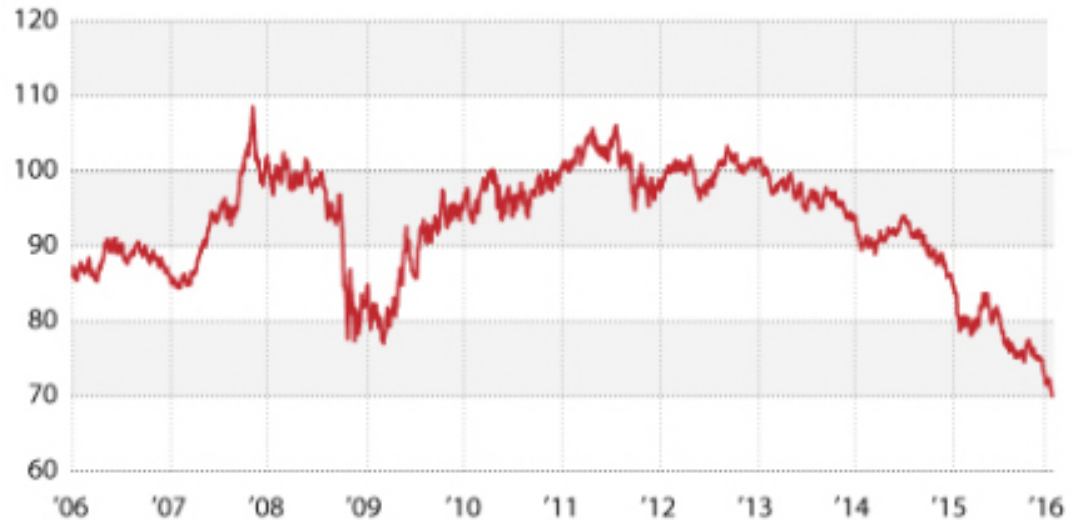
Value of C\$ (2006-2016)



Source: Bank of Canada

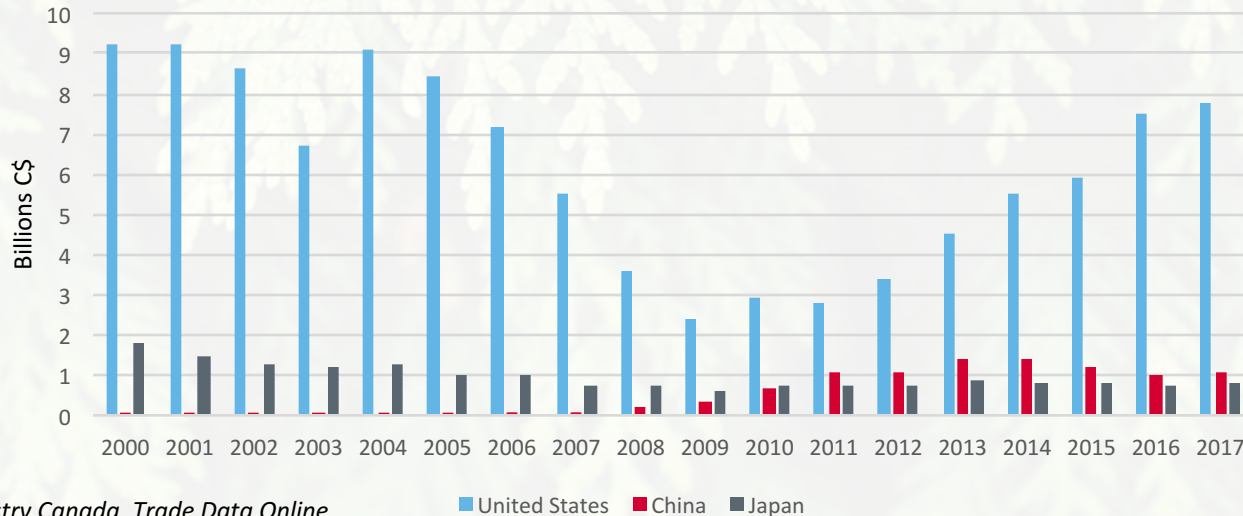
10-Year Canadian Dollar

Daily Noon Rate in U.S. Cents

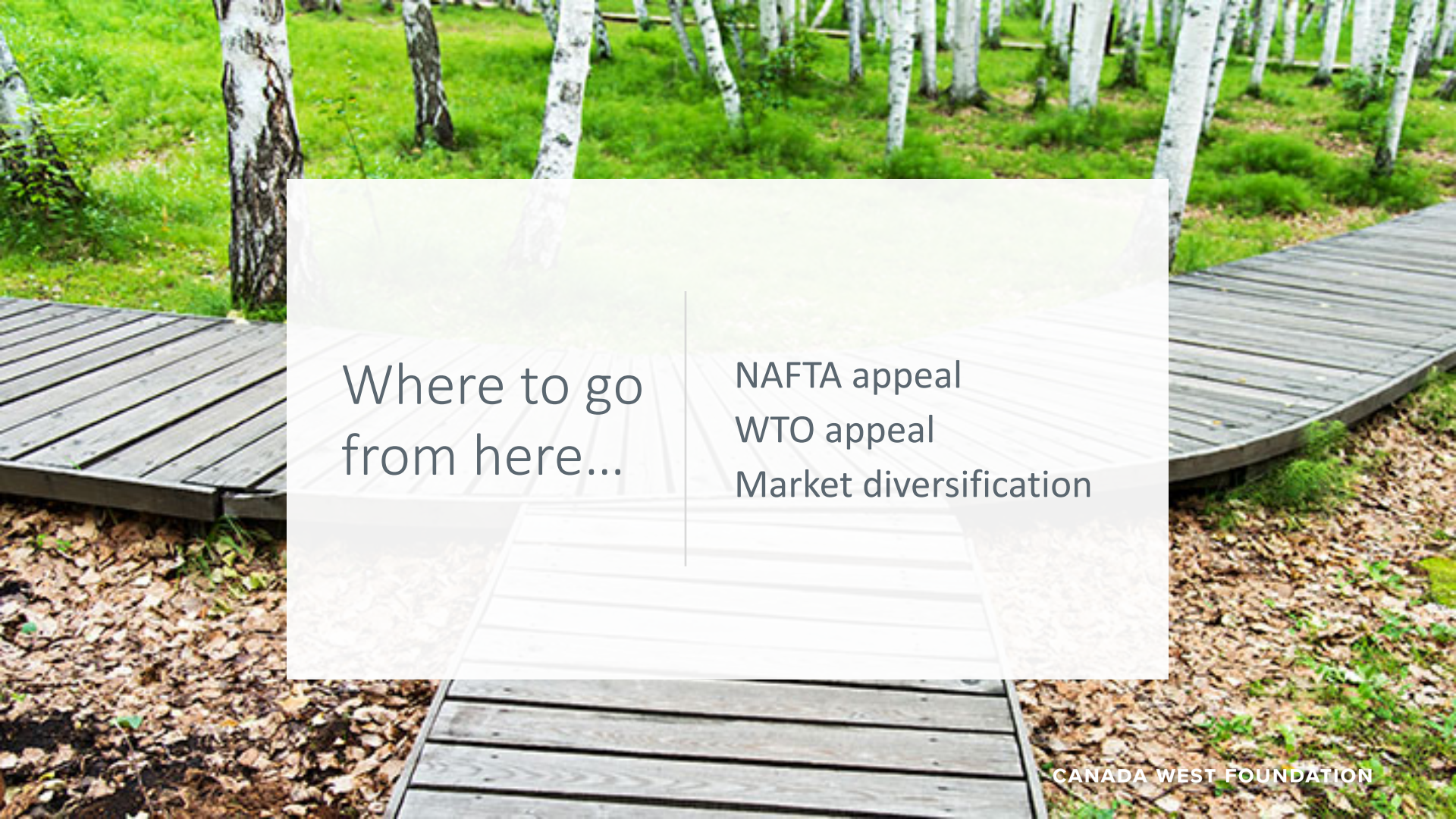


Changing customer base for Canadian softwood

Canadian softwood lumber exports to the U.S., China and Japan (2000-2017)



Source: Industry Canada, Trade Data Online



Where to go
from here...

NAFTA appeal
WTO appeal
Market diversification

NAFTA re-negotiations

7 rounds = 6 of 30 chapters closed

U.S. goal to complete this spring unlikely

Numerous NAFTA allies in the U.S. lessens
threat of U.S. withdrawal



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