

BILL ANALYSIS

Senate Research Center
77R6305 NBH-D

H.C.R. 98
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Natural Resources
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Engrossed

DIGEST

Lumber is an important natural resource and a vital industry for both the United States and Texas. The U.S. and Texas timber industries' ability to compete in a global economy, however, is hampered by the continuing influx of Canadian lumber, which is heavily subsidized by the provincial governments. Canadian softwood lumber producers obtain most of their timber supply from government-owned forests, and the provinces subsidize lumber production by selling timber to Canadian lumber companies at noncompetitive prices for a fraction of the timber's market value. Artificially low provincial timber prices, minimum harvesting restrictions, and other practices that encourage overharvesting and overproduction have helped Canadian imports gain a 36 percent share of the U.S. softwood lumber market. Highly subsidized Canadian lumber imports unfairly compete with U.S. lumber companies, jeopardizing thousands of jobs and driving down the market value of U.S. forestlands. U.S. industry and labor groups, U.S. and Canadian environmental organizations, and Native American groups have called for an end to these subsidies in order to establish fair trade practices. The United States must fully enforce trade laws to offset the subsidies and mitigate injury to the U.S. softwood lumber industry if the Canadian subsidies are not discontinued. The only protection for U.S. timber growers against these unfair market conditions is the current United States-Canada Softwood Lumber Agreement, which is scheduled to expire on the last day of March 2001.

PURPOSE

As proposed, H.C.R. 98 submits the following resolutions:

Provides that the 77th Legislature of the State of Texas respectfully urges the Congress of the United States to make the problem of subsidized Canadian lumber imports a top trade priority to be addressed immediately; take every possible action to end Canadian lumber subsidy practices through open and competitive sales of timber and logs in Canada for fair market value or, if Canada will not agree to end the subsidies immediately, provide that the subsidies be offset in the United States; encourage open and competitive timber sales at fair market prices; and take certain actions if Canada does not agree to end subsidies for lumber. Provides that the Texas secretary of state shall forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all members of the Texas delegation to the congress with the request that this resolution be entered in the Congressional Record as a memorial to the Congress of the United States of America.