



Highlights of [GAO-10-220](#), a report to congressional committees

Why GAO Did This Study

In 2006, the United States and Canada signed the Softwood Lumber Agreement. The agreement, among other things, imposed export charges and quotas on Canadian lumber exports to the United States. To assist in monitoring compliance with the agreement, in 2008 Congress passed the Softwood Lumber Act, which imposed several data collection and analysis requirements on the Department of Homeland Security's U.S. Customs and Border Protection (CBP) and required two reports from GAO.

This report discusses (1) CBP's processes for meeting the act's requirements and (2) how these requirements contribute to U.S. efforts to monitor compliance with the 2006 Softwood Lumber Agreement. GAO issued a report in June 2009 on U.S. agency efforts to monitor compliance with the 2006 agreement. This report includes an update on these efforts.

GAO analyzed information from relevant U.S. agencies, interviewed knowledgeable officials, and discussed these issues with U.S. and Canadian industry representatives.

What GAO Recommends

GAO recommends that the Secretary of DHS direct the Commissioner of CBP to report to Congress on how CBP plans to fulfill the requirements of the act upon the expiration of international agreements related to softwood lumber. CBP concurred with the recommendation.

[View GAO-10-220 or key components.](#)
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SOFTWOOD LUMBER ACT OF 2008

Customs and Border Protection Established Required Procedures, but Agencies Report Little Benefit from New Requirements

What GAO Found

Key Elements of the 2006 Softwood Lumber Agreement and the Softwood Lumber Act of 2008

Softwood Lumber Agreement 2006	U.S. Softwood Lumber Act 2008	2013
<p>Overview: Bilateral agreement between the United States and Canada establishing a framework for managing the U.S.-Canadian softwood lumber trade</p> <p>Key provisions:</p> <ul style="list-style-type: none"> • export charge and quota on Canadian exports • information exchange requirements • anticircumvention measures • dispute settlement mechanisms 	<p>Overview: U.S. legislation creating additional requirements for CBP regarding softwood lumber trade</p> <p>Key provisions:</p> <ul style="list-style-type: none"> • importer declaration • reconciliation of export price data • periodic verification of information on U.S. entry forms • semiannual reports on implementation of act requirements 	<ul style="list-style-type: none"> • Softwood Lumber Agreement expires, unless extended • Softwood Lumber Act continues

Source: GAO.

CBP has developed processes to reconcile and verify data provided by the exporter and importer as required by the act, but officials acknowledge continuing issues with data quality. CBP reconciles aggregated export prices from the U.S. entry forms with aggregated export prices from Canadian export permits. To meet the act's verification requirement that the importer has correctly reported the export price, the tax to be paid by exporters to the Canadian government (the export charge), and other information, CBP has created a process within its existing data system to collect these data. However, CBP has acknowledged continuing problems with data quality. For example, CBP port officials manually enter data into this system, which could lead to miscoding. CBP reported that the initial implementation of the act required extensive effort for the agency, but officials stated that ongoing activities need fewer resources.

According to CBP, Department of Commerce, and Office of U.S. Trade Representative officials, the information produced through the reconciliation and verification requirements under the act adds little assurance of compliance with the 2006 Softwood Lumber Agreement. Some of the act's requirements are to ensure the proper operation of international agreements on softwood lumber and enforcement of these obligations. The agreement with Canada contains mechanisms for monitoring compliance, and, according to U.S. government officials, the added requirements of the 2008 U.S. legislation do not provide the U.S. government with additional assurance of compliance with the bilateral trade agreement. Specifically, CBP officials told GAO the requirements under the act do not provide the United States with assurance that the Canadian exporter paid the export charge, because the United States does not have access to company-level tax data from Canada. While the agreement is scheduled to expire in 2013, the act does not have an expiration date. CBP officials said they have not yet determined how they will fulfill their requirements under the act when the agreement expires, but they would no longer have the estimated export charge data that are used in implementing the act.