access (currently granted to newsprint and several other papers) will become available for such key Canadian fine paper exports as book and printing papers and for wallpaper, as well as for a number of other products where exports up to now have not been large, such as test or container board and shoeboard.

Canada is the United States' principal supplier of kraft paper, providing some 84 percent of total U.S. imports. The U.S. tariff of 4 percent on the main item covering kraft papers not cut to size will be eliminated. The present 10 percent U.S. tariff on miscellaneous papers will be reduced to 4 percent.

The reduction of a number of U.S. tariffs on processed wood products should encourage further resource upgrading in Canada prior to export. The U.S. tariff on waferboard and particleboard, for example, will fal from 10 to 4 percent. Another reduction of potential importance is the drop tc 3 percent from 7.5 percent on hardboard. Duty-free access will become available for birch and maple wood veneers. The tariff on birch-faced plywood will also be reduced from 7.5 to 3 percent.

As a result of the MTN, certain other upgraded wood products will also be accorded duty-free access to the U.S. market. For example, the elimination of a 5 percent tariff should provide considerable scope for an expansion of sales to the United States of stained and pre-finished lumber. Export opportunities for manufactured dowelling should flow from a reduction in the U.S. tariff from 16 2/3 to 7.6 percent.

Canada's settlement on softwood plywood with the United States envisages the development by the respective industries and standards setting bodies of common North American plywood standards for this product. To provide time for the work envisaged on standards, no tariff cuts on either side will be initiated until 1983, and tariff reduction will be dependent on both governments being satisfied with the progress being made in the development of such standards. The settlement provides for tariffs to be reduced and harmonized at 8 percent, from 15 percent in Canada and 20 percent in the United States.

As part of the agreement with the United States on paper and boards, it has been agreed that there is to be a general review of the progress in trade liberalization in 1983 or 1984 for purposes of (a) assessing developments in the light of MTN results, including any actions on either side which might have impaired the access intended to result from agreed MTN tariff reductions; and (b) examining the possibilities of further trade liberalization in the forest products sector between the two countries on a mutually satisfactory basis. Should further liberalization not prove possible rebalancing of concessions may be undertaken as deemed appropriate, but with the objective of minimizing the impact on positive trade relations between the two countries.