

With respect to pulp and paper, most significant is the fact that the duty-free entry into the U.S. currently enjoyed by newsprint will be extended to key Canadian fine paper exports such as book and printing papers, wallpaper, and a certain number of other products such as test or container boards and shoeboard. The 4% U.S. duty imposed on kraft paper, not cut to shape, will be eliminated. The current 10% American tariff on miscellaneous other papers will be reduced to 4%. Canada, meanwhile, will reduce its tariff rates from 12.5 or 15% to 6.5% on most bulk paper grades, to free on unbleached wrapping papers and to 4% on corrugating medium. The rates of 15% or 17.5% on most converted paper products will be reduced to 9.2% or 10.2%, i.e. a formula cut. Linerboard and boxboard tariffs will be cut from 15% to 9.2% (also a formula cut).

In view of the size (approximately 80%) and variety of these American tariff reductions, the Canadian concessions in exchange on fine papers, paperboard and boxboard can no doubt be better understood. The diversified access to the American market thus provided should promote the rationalization and restructuring of the Canadian industry with a view to making it more profitable and stable in future in terms of employment. The tariff changes on the Canadian side may require adjustment in respect of certain lines of paper products within Canada as a whole and perhaps within certain individual firms. However, it seems to me that such an adjustment could