

International Trade Related Factors

In general, NIB's are of greater concern than tariffs. Exceptions are the 10 per cent tariff on planed whitewood (SPF) in Japan and the 4 per cent EEC tariff on planed GLS (standard structural) lumber.

United States

The key factors relating to Canada/U.S. trade in software lumber include:

- The U.S. and Canada jointly comprise a common duty-free market for almost all sizes and grades of software lumber.
- New U.S. standards on strength and physical performance of lumber are currently being developed.

The Canadian industry's in-grade testing project, with assistance from DRIE, is being coordinated with similar work in the U.S. and should ensure that Canadian lumber will meet the new standards when adopted. Developments are being monitored closely.

- Canadian softwood lumber exporters are facing serious U.S. industry protectionist sentiments.

While the Canadian industry was successful in its defence during the U.S. countervailing duty investigation in 1983, the U.S. industry continues to seek means to limit lumber imports from Canada. At present, there are several proposed bills being considered by the U.S. Congress. A Section 332 investigation is currently underway and an action under Section 201 of the U.S. Trade Act is a distinct possibility. The imposition of a quota or tariff would have an extremely serious impact on the Canada industry which depends on the US. market for some 60 per cent of total production. The socio-economic implications could extend to small, isolated single-industry communities.

EEC

- In the EEC, major factors which impact on trade in software lumber include: a 4 per cent duty on planed (GLS) lumber; the need for improved official acceptance within European building code and product standards; phytosanitary import regulations; and potential accelerated harvest of acid rain damaged forests in Germany.

The removal of the 4 per cent tariff and better access through technical liaison and promotional activities would improve Canada's competitive position. While the Canadian industry has demonstrated it can comply with EEC plant health regulations, this and the possibility of accelerated forest harvest hold the potential for trade restrictive measures.

Japan

- The key issues in lumber trade with Japan include: the 10 per cent tariff on imports of planed whitewood (SPF); lack of Japanese building code acceptance of platform frame construction for 3-storey apartment dwellings; need to obtain approval for certification of Canadian sawmills to affix the JAS mark on lumber in Canada prior to export.

The Japanese tariff represents an important constraint to increased exports of SPF lumber. Similarly, overcoming building code restrictions and potentially costly JAS regrading requirements would provide increased lumber export potential.