

PRESS BACKGROUNDER ON
JAPANESE TARIFF ON SPF DIMENSION LUMBER

- Canada intends to request formation of a Panel to rule on the GATT consistency of the tariff applied by Japan on imports of Spruce-Pine-Fir (SPF) dimension lumber. The request will be made at the next meeting of the GATT Council on March 22, 1988.
- Japan currently applies an 8 per cent tariff on SPF dimension lumber, mainly supplied by Canada, while providing duty-free treatment to other species of dimension lumber, such as Hem-Fir, which is mainly supplied by the U.S. It is Canada's position that dimension lumber (i.e. 2 x 4s, 2 x 6s, etc.) of SPF and of other species are "like products" and should therefore receive equal tariff treatment under Article I.1 of the GATT.
- The Canadian request for a GATT Panel follows repeated efforts to resolve the issue bilaterally. The Honourable Pat Carney, Minister for International Trade and the Honourable Gerald Merrithew, Minister of State for Forestry and Mines, have raised the issue with their Japanese counterparts. It was also raised by Prime Minister Mulroney when Prime Minister Takeshita of Japan visited Canada in January, 1988.
- Canada invoked the GATT dispute settlement procedures last Fall, and bilateral consultations were held on October 8-9, 1987 and March 4-5, 1988 in an effort to find a negotiated settlement.
- During the bilateral discussions on March 4 held in Tokyo, the Japanese side offered limited reductions in the SPF tariff. However, they would not agree to provide Canada with equal access by eliminating the tariff.
- Canadian industry is concerned about the loss of its share of imports in a rapidly growing market which it pioneered and developed. The industry, through the Council of Forest Industries (COFI) has been fully consulted on the Government's approach and will continue to be involved as the issue is pursued to a GATT Panel.
- Canada exported approximately 200 million board feet of SPF dimension lumber to Japan in 1987, which was worth over \$80 million. Almost all dimension lumber is used in housing construction.