

News Release

Communiqué

Minister for
International
Trade



Ministre du
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CANADA ACTS UNDER FTA DISPUTE SETTLEMENT

International Trade Minister John C. Crosbie announced today that Canada is taking initial steps under the dispute settlement provisions of the Canada-United States Free Trade Agreement with respect to trade in plywood and wool.

The government's action is based on the failure of the United States to implement the FTA's tariff reductions on softwood plywood and certain related wood-panel products and on differences between the two countries over the definition of wool for tariff purposes.

The Minister noted that differences between Canada and the U.S. over these issues have been known for some time and that the steps Canada is taking to resolve them are provided for in the FTA itself.

"The Canadian government considers the U.S. decision to delay the agreed tariff cuts on plywood, waferboard, oriented strand board and particle-board to be inconsistent with U.S. obligations under the FTA," Mr. Crosbie said.

As a result of the U.S. decision, Canada has suspended tariff reductions on plywood and the related products and now will seek a satisfactory resolution to the issue under the dispute settlement provisions contained in Chapter 18 of the FTA. (The relevant articles from Chapter 18 are attached as Annex.)

Mr. Crosbie said that Canada is also seeking consultations with the U.S. on the definition of wool for the purposes of administering the tariff rate quotas on textiles and textile articles established under the Agreement. The tariff rate quotas place limits on the availability of FTA tariff preferences for Canadian and U.S. textile and apparel products made with yarns and fabrics from third countries.

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