
Table 4.1 indicates the range of existing Canadian and U.S. tariffs on selected forest products and the phase-out periods.

Technical Standards

The Agreement provides that both countries build on the GATT Standards Code to avoid the use of technical regulations as a disguised barrier to trade. The Agreement does not limit the right of either country to adopt standards and regulations where their demonstrable purpose is to protect health and safety, national security, environmental, and consumer interests.

Product standards are not an important issue in the pulp and paper sector and do not, by themselves, impose a restraint to Canada-U.S. trade. With the exception of softwood plywood, grading rules, industry practices and product standards for most wood products, including lumber, waferboard, and particleboard, have been accepted on both sides of the border. Grading authorities and industry associations in both countries have worked closely together over the years to ensure compatibility of national grading rules and product standards.

This process will be reinforced under the Canada-U.S. Free Trade Agreement which provides for the elimination of unnecessary differences in federal standards-related measures to the greatest extent possible. The two countries have also agreed to establish a process for mutual recognition of systems for accrediting testing laboratories and for the accreditation of certification bodies.

Differences in softwood plywood standards have been a longstanding issue between the industries in the two countries. This issue was raised again during the negotiation of the Canada-U.S. Free Trade Agreement. In accordance with an exchange of letters between the two governments, the Canada Mortgage and Housing Corporation (CMHC) was required to decide by March 15, 1988, whether it could approve U.S. C-D grade softwood plywood for use in housing financed by CMHC. On March 10, 1988, the CMHC issued its decision that it could not so approve. Under these circumstances, the United States may defer tariff reductions for softwood plywood, waferboard, and particleboard until completion of a review of the CMHC evaluation by an impartial panel of experts acceptable to both countries. If the panel agrees that the CMHC decision is unbiased and technically accurate, tariff reductions for the panel products listed above will begin on January 1, 1989. If the panel disagrees with CMHC's evaluation or the review is not completed by January 1, 1989, then the United States may delay implementation of the plywood related tariff reductions. Canada would then have the choice of delaying implementation of its tariff reductions on the same products.

Through the standards development process, a Canadian performance standard has been developed which, with the completion of further technical research, may provide the basis for the adoption and application of more compatible plywood standards in both countries.