



News Release

Communiqué

No. 243

December 22, 1992

MINISTER WILSON ANNOUNCES END TO PLYWOOD LUMBER STANDARDS DISPUTE

The Honourable Michael Wilson, Minister of Industry, Science and Technology and Minister for International Trade, announced today that the longstanding dispute with the United States over performance standards for plywood and other construction sheathing products has been resolved.

"I am pleased that the dispute is finally resolved and that tariff reductions under the Canada-U.S. Free Trade Agreement (FTA) can now be implemented," said Minister Wilson.

As a result of the agreement by Canada and the United States on compatible performance standards, plywood tariffs in the United States will fall from 20 per cent to 10 per cent, and in Canada from 15 per cent to 7.5 per cent, effective January 1, 1993. The tariffs in both countries will then be reduced in equal annual increments, as intended by the FTA, until they are completely eliminated on January 1, 1998.

Canadian and U.S. tariffs on related panel boards (4-5 per cent and 4 per cent, respectively) will be eliminated effective January 1, 1993. These products include oriented strand board, waferboard and particleboard.

The history of the dispute pre-dates the FTA. It began over differences in Canadian and American standards for construction sheathing plywood, which were seen by the U.S. industry as a barrier to trade. As a result, both countries withheld tariff cuts on plywood and related boards when the FTA was implemented on January 1, 1989.

Minister Wilson said he was very pleased with the work of the Binational Committee on Plywood Standards (BNC), established by both Governments in 1988 to oversee the development of compatible standards for plywood and other construction sheathing products. "The members of the committee are to be commended for their efforts in resolving this longstanding dispute."

With the resolution of the performance standards dispute, a separate but related issue remains regarding the U.S. product standard, which sets out the requirements for veneer grades used in plywood.

The Minister said that, further to an additional recommendation by the BNC, the United States is currently considering altering its product standard. He added that while this matter was in the hands of the industries of both countries, the Canadian Government would do everything possible to promote a resolution of this important issue. Minister Wilson also said that he was looking forward to meeting with the new United States Trade Representative and pursuing the issue more fully.

In 1991, Canadian exports to the United States of panel board, including plywood, oriented strand board and particleboard, were valued at \$177 million, while imports from that country were worth \$66 million.

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