



Canadian trade tribunal lowers duties on American drywall

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By Perry Hoffman

The **Canadian Home Builders Association** is lauding a decision from the **Canadian International Trade Tribunal** to substantially lower previously imposed tariffs on drywall (gypsum board) imported from the US into western Canada. The association tells **Canadian Green Tech** that while there will still be a duty, it's not so onerous as to significantly affect the industry or the price of homes in the future. In an interview prior to the release of the **Tribunal's** reasons on January 19, Bob Finnigan, president of the **CHBA**, said the original duties, imposed by **Canada Border Services Agency** (CBSA) last fall, only considered the perspective of the drywall manufacturing industry in Western Canada. The Tribunal, on the other hand, took a much broader view and looked at the impacts of the duties on builders, drywall contractors and renovators.

Last fall, CBSA imposed duties of on average 201% on drywall imported from the US into the four western Canadian provinces, the Yukon and the Northwest Territories. The Tribunal ultimately lowered those duties to 43%.

Even though the higher tariffs were only in place for a short period of time, the impact was dramatic as builders and contractors locked into fixed price contracts had little ability to renegotiate the price of drywall. "The large price increase was, in many instances, more than the actual profit margin built into these contracts. Builders and contractors now faced the option of taking a loss on individual construction projects or simply walking away from their signed contracts. This would damage their reputation and make it difficult to secure future work," the Tribunal wrote in **Reference Notice GC-2016-001**.

"Continued application of the duties in the full amount will make US imports uncompetitive in Western Canada, driving them out of the market. This would leave downstream consumers of gypsum board with less competition and choice," said the decision.

Finnigan noted that it's important to understand that housing prices will go up as a result but it could have been worse for the home building industry.

"It would not only affect the end user, it would also affect the trades and Canadian businesses as well," he told **Canadian Green Tech**. For example, if the drywall contractor had guaranteed his builder a price on the drywall and the price suddenly spiked because of the duties "that could have put a guy out of business."

There will be a six-month duty holiday to allow for builders and contractors to absorb the new drywall price point.

It should be noted that the decision doesn't make any specific mention of higher energy efficient homes. The fact is that drywall prices are going to increase as a result of the albeit lower duties and that will have an impact on the overall cost of energy efficient homes in the future.