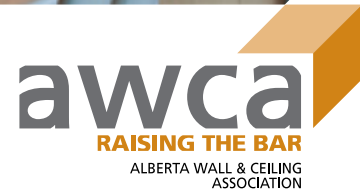


NOTICE

Gypsum Tariff

This is a very concerning issue for the Lather ISM trade (steel stud/drywall) and its industry in Alberta and across western Canada with long term impact on the construction *industry and end users*.
Actually, this is the BIGGEST issue our industry has faced in decades.



Short term consequences:

- the full extent to which is unknown at this time, will include:
- dramatic increases in cost of gypsum board (see below for links to imposed tariffs),
- confusion and uncertainty throughout the industry until the final ruling by the CBSA and CITT (See links below) due December 2016,
- a possibility of material shortages,
- Lather ISM contractors facing challenging business decisions

Contractors:

- Ensure you have fully read and understood ALL contracts you sign
- Ensure “escalation clauses” written by your legal advisor are included in contracts
- Consult your legal advisor about adding a “force majeure”
- Contact, inform AWCA if you are experiencing contract issues

AWCA Actions::

- AWCA met with Alberta Construction Association (ACA) which resulted in a letter from ACA to CBSA <http://albertaconstruction.net/>
- AWCA meets with Alberta Infrastructure on Friday, September 23 and the ACA.
- Working with other wall and ceiling association in western Canada to
- We are investigating tax implications - how will the tariff be tracked, is there a way to show how much of the increases are due to tariffs
- Inform AWCA about concerns and issues you experience, we will help

Links:

Canadian Border Service Industry
<http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/gb2016/gb2016-np-eng.html>

Canadian International Trade Tribunal
http://www.citt-tcce.gc.ca/en/node/7827#_Toc460252482

Alberta Construction Association
<http://albertaconstruction.net/>

CertainTeed: <http://www.certainteed.com/>

CGC: https://www.usg.com/content/usgcom/en_CA_east.html

Georgia Pacific: <https://www.gp.com/>

NOTICE

Gypsum Tariff

Synopsis of the anti-dumping tariff:



- **May, 2016**, CertainTeed filed a complaint with Canada Border Services Agency (CBSA) alleging that US exporters of gypsum board were dumping their product into Western Canada and causing injury to the producers of gypsum board in western Canada. (Dumping occurs when an imported product is being sold into Canada below what it would be sold for in the USA, or below its cost of production.)
 - Under Canadian law, if the CBSA finds that the goods are dumped and the Canadian International Trade Tribunal (CITT) finds that those dumped goods are causing injury to Canadian producers of those goods, then dumping duties can be applied on the “dumped” imports for up to 5 years. With respect to CertainTeed’s complaint there were a number of preliminary rulings in June and July by the CITT and the CBSA that led up to the September 6th announcement.
 - **September 6, 2016**, CBSA found that US imports of gypsum board were being dumped into western Canada at a rate of up to 276%, and imposed preliminary duties at varying rates. The duties imposed that are of particular interest and importance are 105.2% on Georgia Pacific, 125.0% on CertainTeed, and 143.6% on CGC product produced in the U.S. by CGC’s parent company USG. This means that effective September 6, all imports of gypsum board from the US will be assessed a duty upon entry into Canada. The importers are required under Canadian law to pass on the duties to their Canadian customers. Specific products only are subject to this tariff. The list and tariff information may be found at <http://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/gb2016/gb2016-np-eng.html>
 - **September 7, 2016**, the CITT initiated its inquiry into whether the dumping of US gypsum board into Western Canada is causing injury to Canadian producers of gypsum board. The CITT notice of investigation and schedule can be found at http://www.citt.gc.ca/en/node/7831#_Toc461017173
 - The purpose of the CITT investigation is to make a final determination whether CertainTeed is suffering injury, and if so, whether the cause of that injury is: US imports or other non-import factors such as Canadian labor issues/strikes, a general economic slowdown, financial mismanagement, etc. In addition, the Tribunal will examine the extent to which Canadian producers have the capacity to supply western Canada and whether US imports are needed to fill any gap in the Canadian producers’ ability to supply.
 - The Tribunal is scheduled to hold a public hearing into the matter on December 5, 2016. Importers and end users of gypsum board have until September 21, 2016 to file a notice to participate in the CITT process.
- As the imposition of duties of this magnitude is unprecedented in our industry; it is difficult to predict future events but this is the current information we have:
- The Western Canadian market for drywall is basically being supplied on allocation and presently shipments are out for at least two weeks from time of order. We do not predict the supply situation to improve significantly in the immediate future.
 - Manufacturers introduced price increases on their gypsum board products of varying percentages/amounts and further increase have been announced for later in September and in October. Suppliers have sent updated prices to their respective clients.
- Manufacturers and suppliers** will endeavour to:
- secure adequate supply of product
 - follow the government actions and the current investigation of the CITT which will lead to a determination of the final duty to be announced in early January so that we can understand and communicate factual information to you.
 - communicate accurate information to their respective clients about the variety of approaches they are taking with respect to current and future pricing.
 - be in communication with the Gypsum Manufacturers and present the concerns of their respective customers to them and look for responses which will address the uncertainty and the impact on businesses.
- Please address your questions and concerns AWCA (Alberta Wall and Ceiling Association awca.ed@shaw.ca; 1-888-240-7045.