



## Drywall Tariff “Dumped”!

In a major victory for CHBA and our builder, renovator, developer and drywall contractors, the Canadian International Trade Tribunal (CITT) has tossed out a complaint by CertainTeed Gypsum Canada alleging that dumping of 54-inch drywall made in the U.S. was hurting their business in Western Canada.

As noted in previous editions of National Scene, in June of this year CertainTeed Gypsum Canada filed this anti-dumping complaint with CITT.



CHBA was immediately advised of CertainTeed’s new action by the CITT due to our past successful efforts in fighting against such anti-dumping tariffs on drywall. CHBA indicated its intention to engage in opposition to any new tariffs, and began preparing for a legal intervention, should new tariffs be announced following the CITT’s Preliminary Injury Inquiry – the first step in the anti-dumping hearing process.

This initial inquiry by the CITT was to determine whether the company’s claims had any substance. A positive finding would have triggered potentially significant import tariffs on 54-inch drywall from the U.S. by mid-September.

On August 20th, CITT announced that “the evidence does not disclose a reasonable indication that the dumping of the subject goods has caused injury or retardation or is threatening to cause injury to the domestic industry.” CHBA is pleased that the CITT has taken such a well-considered position. The Association’s extensive interventions on drywall tariffs have made it clear to CBSA and the Tribunal that imposing such tariffs has serious and very detrimental financial impacts on builders, drywall contractors and, ultimately, on consumers.

With this announcement, CITT has terminated the inquiry and the possible imposition of any subsequent tariffs based on this CertainTeed complaint.

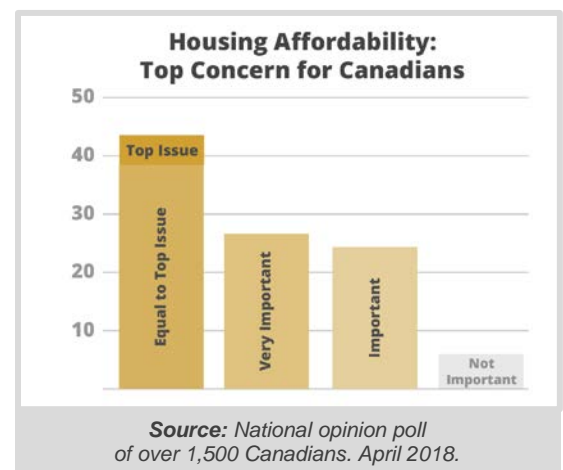
For more information on this issue and other major industry issues CHBA is actively pursuing, members can always get the latest on CHBA’s website in the Housing in Canada → [Industry Issues](#) section.

## CHBA’s Pre-Budget Submission

With the 2019 federal election just over a year off, the next federal budget will be the last before the election, taking on additional importance politically. The government will be looking for budget measures that will resonate with voters and address the issues Canadians they are concerned about.

CHBA is advocating that housing affordability be at the top of this list.

This reflects the results of a survey of Canadians that CHBA commissioned this past spring which showed growing anxiety among both home owners, and those hoping to



become owners, over affordability. Nearly half of those polled rank this issue as their top concern, or of equal importance to their top concern. And only one-in-ten think that governments at any level are doing enough about affordability.

The Association laid out five recommendations for budget action, all of which relate in different ways to the affordability issue:

- Do more to support access to ownership for first-time buyers.
- Produce better housing data that is focused on the barriers to timely housing supply.
- Link federal investment in infrastructure to effective transit-oriented development.
- Ensure that building codes protect affordability.
- Pursue climate change goals by helping Canadians improve the efficiency of existing and older homes via an energy retrofit tax credit.

You can read the full recommendations at [chba.ca/Pre-Budget2019](http://chba.ca/Pre-Budget2019).

## CHBA Prepares for Upcoming Federal Election

MPs will be returning to Ottawa by mid-September as Parliament Hill gets back to work. This will mark the beginning of a critical period in the federal political cycle as the next federal election can be held no later than October 19, 2019.



Reflecting this political reality, CHBA is shifting from talking with the government about current housing-related policies, to talking with all federal parties about where their election platforms should be, in terms of housing. The Association has already been contacted by parties asking for information and ideas they can consider when developing their platforms.

In terms of government relations, the next year will be a period of heightened activity for CHBA, and the national office will be working closely with provincial and local Associations to ensure a strong and well-coordinated voice as the election approaches. CHBA will be releasing a federal election 'tool kit' for use by all HBAs and members as the election gets closer, in order to support this effort.

Elections offer a unique opportunity to engage with elected officials and those hoping to get elected. Housing is something that touches every Canadian in every community, and something virtually every voter is interested in. CHBA will be working on all fronts to make sure housing affordability is a major election issue.

Throughout the run-up towards the federal election, CHBA's goal will be to ensure that all national parties directly address the affordability issue in their election platforms, and clearly lay out what they would propose to do to address this growing problem.



## Are You Ready?

The CHBA National Awards for Housing Excellence competition opens on October 1st.

[chba.ca/housingawards](http://chba.ca/housingawards)



## Will Lumber Prices Return to Earth?

This year has provided a wild ride for members when it comes to lumber costs. The introduction of 20% import tariffs on Canadian lumber bound for the U.S. has been echoed in Canadian prices. Why? Because lumber is a U.S. dominated market, and lumber prices are denominated in U.S. dollars. So, in effect, U.S. import tariffs hit Canadian lumber prices to much the same extent as in the U.S.

Our sister organization in the U.S., the National Association of Home Builders (NAHB) has been fighting hard to get the Trump tariffs on softwood lumber reversed, so far without success. CHBA also coordinated three-way dialogue between CHBA, NAHB and the Parliamentary Secretary to the Minister of Foreign Affairs (Canada-U.S. Relations) on this issue, with the ultimate goal of accelerating a resolution of the dispute

The bottom line is that U.S. domestic lumber production is not sufficient to meet U.S. demand and Canada is the primary source for high grade framing lumber.

The NAHB calculates that since January 2017, rising lumber prices coupled with the tariffs have increased the price of an average single-family home in the U.S. by \$7,500 (\$9,500 CAD). NAHB calculates that this additional cost has effectively priced out more than 1.1 million American households from the housing market.

Tariffs are not the entire lumber price story though, as a hot U.S. housing market has demand soaring there, while starts in Canada remain at healthy levels as well, so continental demand is high. And, on the supply side, for various reasons ranging from the long-term impact of the pine beetle infestation, to the lasting impact of last year's B.C. wildfires, there is a shortage of saw logs and lumber capacity in western Canada.

While lumber markets are notoriously volatile, there may be some encouraging trends afoot. Lumber future prices, set at the Chicago Mercantile Exchange, are well off their May high of \$639 USD (\$810 CAD) per thousand board feet. The CME price was recently sitting at \$414 USD (\$525 CAD) and was below the composite price. As the NAHB chart below shows, market prices tend to lag the CME price, suggesting further price softening going forward.

