

September 26, 2016

Hon. Rich Coleman
Room 128, Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Coleman,

We are contacting you to bring to your attention and to express our concerns with the recent decision by Canada Border Services Agency (CBSA) imposing a new tariff on imported drywall. All imported drywall is now subjected to a **105.2% to 276.5% tariff** as of September 6, 2016. CHBA BC builder members across the province are very concerned of the impacts that this tariff will have on local drywall businesses, suppliers, and on affordability for new home buyers.

This investigation by CBSA only considers the domestic market for drywall producers, and not the impact on the rest of the industry. The duties, affecting half of the drywall sold in Western Canada, will severely impact drywall businesses, builders and renovators as they in many cases have signed contracts in place based on pre-tariff costs. For all future projects, new home buyers will be affected by the astronomical price increases.

The price increases on drywall for a new home, depending on the location and type of project, are expected to be between **\$2,000-10,000 per door**. At a time when our governments are seeking to avoid housing price increases, this decision will seriously affect **affordability** in the new home market in all aspects.

It is also important to note that the company that filed the complaint to CBSA is the only producer of gypsum board in Western Canada, and has already increased its prices as a result of the tariff. At this time, CHBA BC is aware that domestic operations are only able to supply between **40 and 60 per cent** of the building needs in Western Canada, which is why many companies choose to import from the United States. Assuming that all of the domestic product is spread more or less equally across the entire western region, it is estimated that imports are 40 to 60 per cent of drywall sold to cover the difference. There will be a supply shortage of gypsum board and pressure on Eastern Canada suppliers to provide the product, increasing prices even more in British Columbia and across the country.

It is within the CBSA mandate to impose this tariff, but CHBA BC believes it should be removed until a full review of the impacts can take place. The Canadian International Trade Tribunal decision is not until January 2017, but builders and new home buyers cannot afford to wait. These duties paid in the coming months will be upheld regardless of the review – the damage to the industry is already taking place. We appreciate your assistance in any way to communicate our concerns to CBSA. We need your help to protect affordability for new home buyers.

Please let us know if you require any more information or have any questions.

Sincerely,



Neil Moody, CEO



Gordon Bliss, President

Cc: Premier Christy Clark
Hon. Teresa Wat, Minister of International Trade and Minister Responsible for the Asia Pacific Strategy & Multiculturalism
John Nicol, Sr. Policy Analyst, Building and Safety Standards Branch