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By Sascha Matuszak

The World Trade Organization (WTO) ruled^[1] Aug. 24 in favor of Canada in a dispute with the United States over lumber exports. The U.S. claimed that Canada was subsidizing lumber exports, justifying tariffs, but that claim was rejected by a WTO panel. The United States Trade Representative rejected the ruling,^[2] called into question the WTO and its practices, and stated it was “evaluating options in response to the panel report.”

The ruling comes at a sensitive time for both countries, following aluminum tariffs^[3] imposed by President Donald Trump and implementation^[4] of the United States-Mexico-Canada Agreement (USMCA), which went into effect July 1, 2020.

The aluminum tariffs imposed Aug. 16, 2020, on Canadian suppliers is a reimposition of tariffs imposed in the spring of 2018 under Section 232 of the Trade Expansion Act of 1962.^[5] Section 232 allows the president to impose sanctions following an investigation that finds that a certain product “is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.” The initial round of tariffs was removed in 2019 during negotiations of the USMCA and reimposed just a month after the agreement went into effect.^[6]

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