



Written Submission Regarding the U.S.  
Department of Commerce's Request for Public  
Comment on s. 232 Investigation into Forest  
Products

By: The Canadian Wood Pallet and Container Association

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## Introduction

The Canadian Wood Pallet and Container Association (CWPCA) represents Canadian Wood Packaging Manufacturers from coast to coast and has done so for over 50 years. We appreciate the opportunity to provide the following comments regarding s.232 Investigation into Forest Products. The CWPCA feels that, considering the interconnectivity of our supply chains, including products such as assembled and unassembled wood packaging within the scope of the anticipated tariffs placed on Canadian goods is not only unnecessary, but also unwise. US based users and manufacturers of wood packaging have long relied on Canada to repatriate unneeded used or pooled platforms to areas of need within the US, to supply new assembled wood packaging that supports US manufacturers in meeting their supply needs and also to supply assembled wood packaging directly to end users. Canada is also a primary source of the raw materials (lumber, lumber components or “unassembled wood packaging”) that US manufacturers rely on to fuel their manufacturing efforts, and the addition of these tariffs to these products will serve to do nothing but harm supply chains, thus adding cost directly to consumers, and disrupting commerce. All types of trade, including consumer goods, pharmaceuticals, military supplies, machinery and equipment all rely on wood packaging to transport them safely through our trade networks. Supply chains have faced significant stress for years, and introducing additional pressures-such as imposing tariffs on wood packaging would only serve to exacerbate those pressures. Canada has long been a trusted partner to the US in the wood packaging industry, and collectively, wood packaging manufacturers on both sides of the border work together to ensure supply chain fluidity in North America. Our industry is thus, very much co-dependant. We appreciate any and all consideration given to this submission and welcome the opportunity to provide further comment at any time.

## Background: Assembled Wood Packaging

Under current trade policy, wood packaging materials (WPM) such as pallets and crates are broadly exempt from duties when moving “under load” as part of a shipment, recognized as Instruments of International Trade (IIT). This classification, which treats such packaging as trade infrastructure rather than standalone commodities, exempts them from regular tariffs and facilitates seamless cross-border movement. However, while this protection currently exists, it is not guaranteed under all trade actions. The industry is increasingly concerned that the IIT exemption may be narrowed or reinterpreted in the context of evolving U.S. tariff policy, particularly under Section 232 or emergency powers.

If the IIT exemption were removed or restricted, the consequences would be significant for both Canadian pallet manufacturers and broader North American supply chains. Tariffs would apply not

only to pallets sold as a commodity but potentially also to pallets and crates accompanying goods, particularly when empty pallets are repositioned or used in pooling systems.

For this reason, the sector must continue to reinforce the argument that all wood packaging, regardless of ownership, load status, or reuse, should be recognized as IIT. This includes both pooled systems and whitewood pallets, which circulate continuously across industries.

### Recommendations:

To support this position, three criteria can help clarify the case for permanent IIT treatment:

- **Durability and Functional Role:** Wood packaging, including pallets and crates, is specifically designed for transporting goods and is fundamental in facilitating trade. Once a shipment is complete, these items are collected, reused, repaired, or dismantled and repurposed into new pallets, allowing them to remain active in the logistics cycle. Unlike disposable packaging, pallets often make dozens of trips across borders throughout their life.
- **Supply Chain Integration and Redistribution:** There are more than two billion whitewood pallets in circulation in the U.S. alone, constantly moving between regions of surplus and shortage. These assets are not sold and consumed like other commodities but sold and redistributed as needed to support manufacturing, agriculture, and retail. Applying tariffs to the cross-border repositioning of empty pallets would effectively tax the physical infrastructure of trade, creating artificial costs and discouraging reuse.
- **Customs Recognition and Policy Adaptation:** While existing agreements like USMCA do not explicitly list wood packaging under IIT carve-outs, there is strong precedent in how containers and other durable logistics tools are treated. Wood packaging serves a parallel role and should be recognized accordingly. Reaffirming or codifying its IIT status, especially in light of escalating U.S. trade actions, would avoid unintended cost impacts on industries that depend on efficient packaging systems.

The concern is not simply theoretical. If the IIT exemption were removed, **empty pallets of Canadian and US origin moving into the U.S. could be treated as dutiable goods**, and pallets circulating through systems could face unexpected costs. This would introduce friction and uncertainty into tightly calibrated supply chains, raise costs for exporters and shippers (and therefore consumers), create incentives to shift away from sustainable, reusable wood packaging in favour of more costly and less environmentally friendly alternatives, and even create regional supply shortages. Furthermore, due to existing tariffs and high input costs already associated with lumber, the addition of a new tariff would increase these costs even further.



Maintaining and defending the IIT classification of wood packaging is, therefore, a top priority for our sector. Pallets and crates are not commodities; they are enablers of commerce. Their ability to

move freely across borders is essential to the efficiency and affordability of North American trade. Without that recognition, the cost of simply moving goods, regardless of origin or destination, will rise unnecessarily, with negative consequences across the economy.

### Background: Unassembled Wood Packaging

A large industry, known as lumber remanufacturing, exists in North America. Lumber remanufacturing or secondary processing is the act of transforming dimensional lumber produced at sawmills into useable components that are utilized by many sectors, one being the wood packaging sector. Wooden pallet and crate manufacturers across North America rely on what are known as “precut” components to manufacture a variety of goods, and the supply of precut material is essential to many businesses. For the purposes of the wood packaging sector, these precut components are shipped ready to use in the assembly of wood packaging and are often shipped in specific ratios intended to produce a set number of products. These are sometimes known as “kits”. These components are critical to supporting manufacturing across the continent, especially for many smaller wood packaging producers who do not have the ability to transform dimensional material, for who, they are irreplaceable. These components may be made from a variety of wood species; however, softwood represents the largest volume of components that are manufactured. Currently, the softwood components fall under the scope of the Canada/US “Softwood Lumber Agreement” (SLA) and are subject to Anti Dumping (AD) and Countervailing duties (CVD), which are set to increase dramatically later this year. The addition of another 25% tariff to the existing duties can and will prove problematic for our sector, and the effects will be significant across North America should additional fees be assessed.

Under previous incarnations of the SLA, these components were exempt, however they were included in scope during the last negotiation.

### Recommendations:

These components are critical for manufacturers of wood packaging. Absolutely essential in fact. The impact of additional tariffs or duties will, once again, create significant supply chain disruption, drive cost upwards, and has the potential to shut down manufacturers in the USA. The addition of the 25% tariff to the existing (and forthcoming) AD and CVD has the potential to drive cost by up to 60% for some producers and exporters. A cost that once again will trickle down to consumers and unnecessarily affect the price of everyday consumer goods (grocery,



household, retail, pharmaceuticals, etc.). It is our recommendation that precut components of all species, but especially those using softwood, which currently ship primarily under the Harmonized Tarriff Codes 4415.20.8000 (“boards”) and 4421.99.97.80 (“stringers”) are also exempted from pending tariffs.