

**Subsection 1.—The Canadian Tariff Structure\***

The Canadian Tariff consists, in the main, of three sets of tariffs rates—British Preferential, Most-Favoured-Nation and General.

*British Preferential Tariff* rates are, with some exceptions, the lowest rates. They are applied to imported dutiable commodities shipped direct to Canada from countries of the Commonwealth and from the British colonies and other dependent overseas territories. Some Commonwealth countries have trade agreements with Canada which provide for rates of duty, on certain specified goods, lower than the British Preferential rates.

*Most-Favoured-Nation* rates are usually higher than the British Preferential rates and lower than the General Tariff rates. They are applied to commodities imported from countries outside the Commonwealth with which Canada has made trade agreements. The most important trade agreement concerning the effective rates applied to goods imported from countries entitled to Most-Favoured-Nation rates is the General Agreement on Tariffs and Trade.

*General Tariff* rates are applied to goods imported from the few countries with which Canada has not made trade agreements.

There are numerous goods which are duty free under the British Preferential Tariff, or under both the British Preferential and Most-Favoured-Nation Tariff, or under all Tariffs.

*Valuation.*—Sect. 35 of the Customs Act provides that, when any *ad valorem* duty is imposed, the valuation of the goods for purposes of calculating the duty basically "shall be the fair market value, at the time when and place from which the goods were shipped to Canada, of like goods when sold in like quantities for home consumption in the ordinary course of trade under fully competitive conditions and under comparable conditions of sale" or "the amount for which the goods were sold by the vendor abroad to the purchaser in Canada, exclusive of all charges thereon after their shipment from the place from which they were exported direct to Canada", whichever is the greater. There are further provisions for determining the value for duty when the fair market value, in accordance with the foregoing, cannot be ascertained. Internal taxes in the country of export (when not incurred on exported goods), the cost of shipping the goods to Canada, and similar charges however are not included in the value for duty.

*Dumping.*—Sect. 6 of the Customs Tariff provides that when the actual selling price of goods being imported is less than their fair market value and the goods are of a class or kind made or produced in Canada, a special or dumping duty shall be collected. This duty is to be equal to the difference between the actual selling price and the fair market value of the goods, except that it may not be more than 50 p.c. of the value for duty. These provisions are designed to offset the advantage foreign exporters may achieve by exporting to Canada at less than the going prices.

*Drawback.*—There are provisions in the Customs and Excise Tax Acts for the repayment of a portion of the duty, sales and/or excise taxes paid on imported goods used in the manufacture of products later exported. The purpose of these drawbacks (as these repayments are called) is to assist Canadian manufacturers to compete in foreign markets with foreign producers of similar goods. A second class of drawback, known as "home consumption" drawbacks, is provided for under the Customs Tariff Act and applies to imported materials and/or parts used in the production of specified goods to be consumed in Canada.

**The Tariff Board.**—The Tariff Board, constituted by the Tariff Board Act 1931, consists of three members, one of whom is chairman and another vice-chairman. The duties and powers of the Board derive from three Statutes of Canada: the Tariff Board Act, the Customs Act, and the Excise Tax Act.

\* The schedules and rates in force at any particular time may be obtained from the Department of National Revenue, Ottawa, which is responsible for administering the Canadian Tariff.