

Dumping.—Sect. 6 of the Customs Tariff provides that when the actual selling price of goods being imported is less than the 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. ad valorem. 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 organization and functions of the Tariff Board are described at p. 132 of this volume.

Subsection 2.—Tariff and Trade Arrangements with Other Countries as at Feb. 15, 1960

Canada's tariff arrangements with other countries fall into three main categories: trade agreements with a number of Commonwealth countries; the General Agreement on Tariffs and Trade (GATT); and other agreements and arrangements.

The Commonwealth countries with which Canada has trade agreements are as follows: Australia, British West Indies, New Zealand, Federation of Rhodesia and Nyasaland, Union of South Africa and the United Kingdom and Colonies. Preferences are accorded by Canada to India and Pakistan. Tariff relations between Canada and Ceylon, Ghana and the Federation of Malaya are governed by the Canada-United Kingdom agreement. These agreements and arrangements have been modified and supplemented by GATT.

Canada exchanges most-favoured-nation treatment with 36 countries under the General Agreement on Tariffs and Trade. These countries are listed in the following statement. In addition, six countries participate in the work of GATT as provisional members—Cambodia, Israel, Poland, Tunisia, Switzerland and Yugoslavia. The protocol of Provisional Application of the General Agreement on Tariffs and Trade was signed by Canada on Oct. 30, 1947 and brought the Agreement provisionally into force on Jan. 1, 1948.

GATT is a multilateral trade agreement providing for scheduled tariff concessions and the exchange of most-favoured-nation treatment among the contracting parties and laying down rules and regulations to govern the conduct of international trade. Under the system of multilateral tariff negotiations initiated under GATT, four general rounds of negotiations have taken place: at Geneva, Switzerland, in 1947; at Annecy, France, in 1949; at Torquay, England, in 1950-51; and again at Geneva in 1955-56. The tariff concessions Canada granted and received at the first Geneva Conference are described in the 1948-49 Year Book, pp. 875-877, and those negotiated at Annecy are discussed in the 1950 Year Book, pp. 968-970. The Torquay negotiations are discussed in the 1952-53 edition, pp. 996-997. The existing tariff concessions remain in force until Jan. 1, 1961 and thereafter unless modified in accordance with the terms of the Agreement.

Canada already had most-favoured-nation trade agreements with a number of GATT members prior to the effective date of the General Agreement. These agreements with individual countries continue in force in conjunction with the General Agreement. As an exception, however, the Canada-U.S. Trade Agreement of 1938 is suspended for as long as both countries continue to be contracting parties to GATT.

Other arrangements include a trade agreement with the Republic of Ireland, exchanging preferences, and most-favoured-nation agreements, and other arrangements of a less formal nature, with many countries not contracting parties to GATT.