

Nickel worth \$175,500,000 will continue to enjoy the present temporary free entry. Items valued at \$45,800,000, not previously bound, are also being bound free.* In the field of agricultural products, 50-p.c. duty reductions will apply to exports of about \$65,000,000 and duty will be eliminated on another \$28,600,000. Duty will be eliminated on fisheries products exports worth \$91,500,000 and reductions, generally of the order of 50 p.c., are to be made on a further \$740,000. This covers about 76 p.c. of Canadian dutiable exports of fisheries products to the United States.

Lumber exports (\$383,900,000) will move into the United States duty-free. Tariffs will be reduced by half to a 7½-to-10-p.c. range for some \$11,200,000 of wooden doors, prefabricated wooden building, birch plywood, particle board, furniture parts and wooden building components. The duty on maple and birch veneer (\$27,000,000) will be halved to 4 p.c. With pulp and newsprint already free of duty, the United States agreed to a 50-p.c. reduction on paper and paper products, valued at \$34,400,000.

Duties were also reduced on chemicals exports valued at \$95,000,000. On synthetic rubber (\$19,000,000), the largest single item in this group, duty is to be reduced from 6½ to 3 p.c. Carbon, carbon black, salt, and dicyandiamide (\$9,900,000) are to enter duty-free. Duties would be cut in half on most other chemicals of interest to Canada. If the ASP system of valuation is repealed by the United States, this would not only mean a greater than 50-p.c. reduction in United States tariffs but might encourage the long-run development of the United States market for Canadian chemicals.

In the iron and steel group, the principal reductions affecting exports of \$94,800,000 will be in the alloy steel field, with smaller reductions in ordinary steels. For other items, such as pig iron and sponge iron (\$22,100,000), current duties of less than 1 p.c. will be eliminated. In other metals, a 20-p.c. tariff reduction will be made on aluminum ingot (\$174,000,000) and a corresponding 20-p.c. reduction in the main semi-fabricated products. In the field of non-metallic minerals, Canadian exports of cement and lime worth \$8,300,000 in 1966 will be free and a 50-p.c. reduction will benefit other exports in this field amounting to \$10,500,000. Duties will be eliminated on cadmium and bismuth and 50-p.c. reductions will apply to copper, molybdenum, magnesium and indium, and copper semi-fabricated products, benefiting Canadian exports of \$122,100,000. †

In the manufactured goods sector, Canadian exports of \$700,000,000 will benefit from a 50-p.c. reduction, except in the case of textiles (a 20-p.c. reduction) and some leather products where the reductions will be smaller. In this sector there are many products of particular interest to Canadian industry where the prospects for increasing exports to the United States will improve as reductions are fully implemented.

Reduced Preference in Britain.—Although about 95 p.c. of Canada's exports to Britain are already duty-free, 60 p.c. of them have to compete with imports from other countries, also enjoying free access to the British market.

As noted earlier, Britain offered an average reduction of 38 p.c. in its most-favoured-nation rates of duty, which would result in some reduction in the margin of preference enjoyed by Commonwealth exports to Britain. However, Britain has agreed to readjust Commonwealth exports of products subject to preferential rates of duty so as to maintain the existing ratios of preference enjoyed by Commonwealth countries. Nevertheless, there will be some reduction in the margin of preference that Canadian products have enjoyed over the products of countries to whose exports to Britain the most-favoured-nation rates apply.

Concessions by the EEC.‡—Over-all tariff reductions will average about 30 p.c. on Canadian exports to EEC countries; these were valued at \$160,000,000 in 1966,

* A bound rate of duty is a rate which the country concerned undertakes not to increase. In this case, it means that the United States has undertaken not to impose duty on the items that have been bound free.

† The United States duty on copper is at present (February 1968) temporarily suspended.

‡ The figures in this section are in Canadian dollars. Source: *Foreign Trade*, July 1, 1967, Department of Trade and Commerce, Ottawa.