

to purchasers located at that place with whom the vendor deals at arm's length and who are at the same or substantially the same trade level as the importer, and (b) in the same or substantially the same quantities for home consumption in the ordinary course of trade under competitive conditions". In cases where like goods are not sold for home consumption but similar goods are sold, the value for duty shall be the cost of production of the goods imported plus an amount for gross profit equal in percentage to that earned on the sale of similar goods in the country of export. The value for duty ordinarily may not be less than the amount for which the goods were sold to the purchaser in Canada, exclusive of all charges thereon after their shipment from the country of export. Internal taxes in the country of export (when not incurred on exported goods), the cost of shipping goods to Canada and similar charges do not normally form part of the value for duty. There are, of course, further provisions for determining value for duty under the Act.

Anti-dumping Act. Canada's Anti-dumping Act provides, in brief, that where goods are dumped, i.e., the export price is less than the normal value, and such dumping has caused, is causing, or is likely to cause material injury to the production of like goods in Canada, or has materially retarded or is materially retarding the establishment of the production in Canada of like goods as determined by the Anti-dumping Tribunal, there shall be levied, collected and paid an anti-dumping duty. This anti-dumping duty is in an amount equal to the margin of dumping of the entered goods.

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 Act and the Customs Tariff and applies to imported materials and/or parts used in the production of specified goods to be consumed in Canada.

18.2.2 Tariff and trade arrangements

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 arrangements and agreements.

Canada signed the Protocol of Provisional Application of the General Agreement on Tariffs and Trade on October 30, 1947 and brought the General Agreement into force on January 1, 1948. The Agreement provides for scheduled tariff concessions and the exchange of most-favoured-nation treatment among the contracting parties, and lays down rules and regulations to govern the conduct of international trade. As at December 31, 1972 there were 81 members and one provisional member, Tunisia. GATT is applied on de facto basis also to a number of newly independent states pending decision as to their future commercial policies.

Trade relations between Canada and a number of other countries are governed by trade agreements of various kinds, by exchange of most-favoured-nation treatment under Orders in Council, by continuation to newly independent states of the same treatment originally negotiated with the countries previously responsible for their commercial relations and by even less formal arrangements.

Both Britain and Ireland have given notice of their intention to terminate their bilateral trade agreements with Canada on February 1, 1973. As a result of the accession by these countries to the European Economic Community (EEC), the tariff preferences they extend to Canada will be phased out over a transitional period ending in 1977.

18.2.2.1 Tariff and trade arrangements with Commonwealth countries as at December 31, 1972

Australia. Trade agreement in force June 30, 1960. GATT effective January 1, 1948. (Bindings of rates of duty and margins of preference on specified products and exchange of tariff preferences.)

Bangladesh (formerly East Pakistan). Relations covered by Trade Agreement of 1937 with Britain. GATT effective December 16, 1972. (Canada accords British preferential treatment.)

Barbados. Relations are based on Canada - West Indies Trade Agreement and protocol thereto (see Commonwealth Caribbean). GATT effective November 30, 1966. (Exchange of preferential tariff treatment.)