on outstanding liabilities of $4,250 million, the other for lending for the account of the Canadian government to a limit of $850 million. The latter facility applies to large export transactions or to other special situations considered by the government to be in the "national interest".

A ceiling of $250 million for liabilities under the foreign investment insurance program is provided, and cover is restricted to a maximum of 15 years.

18.4 Tariffs and trade agreements

18.4.1 Canadian tariff structure

Information relating to rates of duty, value for duty and anti-dumping duty is available from the Department of National Revenue, Customs and Excise, which administers the Customs Act, the Customs Tariff and the Anti-dumping Act. Details of the organization and functions of the Tariff Board will be found in Appendix 1.

The Canadian tariff consists, in the main, of four sets of tariff rates — British preferential, most-favoured-nation, general and general preferential.

British preferential tariff rates are applied to imported commodities from British Commonwealth countries, with the exception of Hong Kong, when conveyed without trans-shipment from a port of any British country enjoying the benefits of the British Commonwealth preferential tariff into a port of Canada. Some Commonwealth countries have trade agreements with Canada that 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 with which Canada has trade agreements. These rates would apply to British countries when they are lower than the British preferential tariff rates. 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 (GATT).

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

The General Preferential Tariff came into effect on July 1, 1974, as a result of Canada's acceding to the Generalized System of Preferences which is designed to allow lower rates of duty on goods imported from developing countries. Generally, the rates are the lesser of the British Preferential Tariff or the Most-Favoured-Nation Tariff minus one third.

Despite the numerous tariff items in the Customs Tariff and the various rates of duty applicable to each item, there are numerous goods which are duty free under all four tariffs.

Valuation. In general, the Customs Act provides that the value for duty of imported goods shall be the fair market value of like goods as established in the home market of the exporter at the time when and place from which the goods are shipped directly to Canada when sold "(a) 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,