

The general preferential tariff came into effect on July 1, 1974, as a result of Canada's acceding to a generalized system of preferences 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 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 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 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 and in a few special cases, other methods of determining the value for duty are employed. 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 after their shipment from the country of export.

**Anti-dumping Act.** Canada's Anti-dumping Act provides, in brief, that where goods are dumped (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 similar goods in Canada, or has materially retarded or is materially retarding the establishment of the production in Canada of similar goods as determined by the Anti-dumping Tribunal, there shall be levied, collected and paid an anti-dumping duty. This duty is in an amount equal to the margin of dumping of the entered goods.

**Drawback.** Drawback legislation is designed to remove the customs duty and sales tax included in the manufacturers' costs to enable them to compete more equitably both abroad and at home with foreign manufacturers. It does this by granting a drawback, in the case of Canadian exporters, of customs duty and sales taxes paid on imported parts or materials used in Canada in the manufacture of goods subsequently exported. In the case of certain strategic industries in Canada (aircraft, automobiles and other secondary manufacturers), their costs of plant equipment or key materials are also reduced in the same manner when the specified imported goods are used in eligible Canadian manufacturers. Other areas where drawbacks are payable include: ships stores; joint Canada-US projects; and imported goods exported or destroyed in Canada.

#### 18.4.2 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.

Canada signed the protocol of provisional application of the General Agreement on Tariffs and Trade on October 30, 1947 and brought the 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 July 1976 there were 83 members and three provisional members. GATT is applied on a 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.

Britain and Ireland were to terminate by 1977 the preferential tariffs extended to Canada. Phasing out these preferences began February 1, 1973, as a result of the accession by those countries to the European Economic Community (EEC).