

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.

There are numerous goods which are duty-free under the British preferential tariff, or under both the British preferential and the most-favoured-nation tariffs, or under all 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 (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.

#### 18.4.2 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 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 November 30, 1973 there were 83 members and two provisional members, Tunisia and the Philippines. 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.