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CANADA WITHDRAWS TARIFF CONCESSIONS ON CERTAIN PRODUCTS OF EXPORT INTEREST TO THE EUROPEAN UNION

The Honourable Roy MacLaren, Minister for International Trade, today announced that Canada has given notice to the European Union (EU) of its intention to withdraw tariff concessions on a range of exports of primary interest to the EU, pending negotiations of permanent compensation resulting from the accession of Austria, Finland and Sweden to the EU.

As of March 27, Canada will raise its tariff "bindings," or maximum permissible rates, on imports of vodka (from \$0.1804/litre to \$1.00/litre), perfume and toilet waters (from 9.3 per cent to 20 per cent), high-value women's shoes (from 20.5 per cent to 22.8 per cent) and lead crystal glassware (from 9 per cent to 20 per cent). This is to offset EU tariff modifications associated with the recent accession of the three new members to the EU, and the resulting imposition of higher tariffs on Canadian exports to these countries of a large number of products including fish and seafood, aluminum, wood and snowmobiles.

"The EU has chosen to disregard established procedures for notifying, consulting and compensating Canada prior to the tariff modifications being implemented, and this is unacceptable to Canada," said Mr. MacLaren.

At the same time, Canada will raise the applied duty rates, up to the level of the new bindings, on vodka and lead crystal glassware. It is hoped that these measures will apply only temporarily. However, should formal negotiations between Canada and the EU not produce the desired results, the applied rates on the remainder of the products could also be increased in June.

The World Trade Organization (WTO) sets out rules to ensure that the enlargement of a customs union does not disrupt existing trade patterns. If a tariff increase occurs on a product, the affected trading partners are entitled to compensation.



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