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receive high rates of protection in Canada are also often highly protected in the United States. This is confirmed by a comparison of rates of protection for the more detailed industry breakdown shown in Annex 2. Based on this more detailed analysis, six of the 10 most protected industries in each country are common to both countries, and the remainder are in similar industrial categories. Of the 20 most protected industries in both countries, 14 are the same and, in four of these, protection rates are actually higher in the United States than in Canada.

The fact that the pattern of trade protection is similar in both countries is important. It suggests that some highly protected Canadian industries may benefit rather than suffer from a bilateral reduction in trade barriers. While these industries will face increased competition from U.S. imports after the removal of Canadian trade barriers, the elimination of U.S. trade barriers will also provide an opportunity for these industries to significantly increase their exports.

### **Contingent Protection**

Both Canada and the United States make use of temporary measures, known as contingent protection, when domestic producers are shown to be injured by imports. These import relief measures are permitted, under certain conditions, by the GATT.

Contingent protection measures are of two types. The first type consists of measures triggered by what are perceived to be "unfair trade practices". Examples include dumping – sales in export markets at prices below those in domestic markets – and government subsidies to business. In such cases, both countries require that a domestic industry demonstrate "material injury", or the threat of such injury, before any

protective action is taken. By their very nature, the definitions of unfair trade practices are, to a certain extent, subjective.

The second type of import relief measure is designed to provide temporary protection against any sudden large increase in imports even though it is not caused by "unfair trade practices". Such cases are often referred to as "safeguard" or "escape" clause actions. In these cases remedies may be imposed if "serious injury" to domestic producers, which is a more stringent condition than "material injury", can be demonstrated.

Table 3 summarizes contingent protection cases launched by Canada and the United States from 1980 to mid-1987. The same number of cases were investigated in both countries. However, the value of Canadian exports affected by U.S. actions totalled Cdn. \$6.2 billion compared to Cdn. \$403 million in U.S. exports restricted by Canada. This large difference primarily reflects the 1986 U.S. countervail case on softwood lumber. Only two safeguard cases were initiated by Canada. The greater number of safeguard investigations initiated by the United States relative to Canada may reflect in part the relative ease with which private parties can petition for safeguard protection in the United States. Canadian industries that were the subject of U.S. contingent protection investigations included steel, lumber, fishing, livestock and meat products. A complete list of contingent protection measures in force in mid-1987 is provided in Annex 2.

In terms of rates of price protection provided to industry, contingent protection measures currently in force are small relative to "standing" trade barriers. However, this