MAJOR TARIFF CONCESSIONS BY CANADA'S PRINCIPAL TRADING PARTNERS

THE UNITED STATES

Industrial Products

Summary: 70 percent of all Canadian exports were sold in the United States in 1976. As a result of the MTN concessions made by the United States, tariffs on industrial imports from Canada will fall by an average of close to 40 percent on a trade-weighted basis. More than $4 billion of Canadian exports to the United States will benefit from these concessions. Following the full implementation of the MTN results, 80 percent of current Canadian exports to the United States will enter duty free and over 90 percent of Canadian current exports will face duties of 5 percent or less, including trade under the Auto Pact.

The average U.S. tariff on manufactured goods will be approximately 5 percent, although there will be higher tariffs for such products as textiles, clothing, footwear and some chemicals. Many industrial materials will be free of duty or subject to very low tariff levels.

The various agreements on non-tariff measures, when implemented by the United States, should ease a significant number of problems experienced by Canadians in exporting to that country. Of special note is the Agreement on Subsidies and Countervailing Measures by which an injury finding will be required in the United States prior to the imposition of countervailing duties. This will provide a measure of security against the risk that exports by Canadian firms benefitting from government funded programs would be subjected to the arbitrary application of such duties. The adoption by the United States of the Agreement on Customs Valuation will eliminate the protective Final List system of U.S. valuation. Moreover, under the Agreement, the U.S. authorities will be required to provide more equitable valuation treatment for "assists", that is, goods or services provided free or at a reduced price by the importer to the exporter.

Tariff and other concessions by the United States should have a favourable long-term effect upon the development of Canadian industry. Existing Canadian exports will be stimulated and new export opportunities will be created where Canadian industry is or could become competitive.

Forest Products: The United States made major concessions of importance to Canada in forest products. For dutiable products in the paper sector, the trade-weighted average U.S. tariff will decline from 3.8 to 0.8 percent. For dutiable wood products, the reductions are greater, with applicable rates falling from an average of 6.1 to an average of only 0.8 percent. Duty-free