

B) Non-Tariff Barriers

49. Whether or not customs duties are charged on imports, a whole range of so called non-tariff measures can prevent or restrict trade. As customs duties have come down, these non-tariff measures have gained in importance as instruments for affording protection to domestic industry from imports. Non-tariff barriers are either "contingent" or "standing" in nature. "Contingent" measures are introduced in prescribed circumstances and include countervailing duties, anti-dumping duties, and escape clause/emergency controls or surcharges. "Standing" measures include discriminatory government procurement practices and permanent import controls, state monopolies, and measures to protect intellectual property.

C) Countervailing Duties

50. Canada, the U.S. and other trading nations have domestic legislation providing for the imposition of countervailing duties when subsidized imports cause material injury, such as reduced sales and profits, and employment losses to domestic industry. Such duties can be applied in reaction to certain subsidies given to industry by all levels of government, not only direct export subsidies (i.e. aids applying only to exported products) but also domestic subsidies, for example, regional development grants or research and development aids. The threat of countervail is a much more serious potential problem for Canada than the U.S. because a much higher proportion of Canadian production is destined for the U.S. market (20 per cent) than U.S. production moving to Canada (2 per cent).

D) Anti-Dumping

51. Anti-dumping duties can be charged in instances where imports are priced at less than the "normal" prices charged in the exporter's domestic market and cause material injury to domestic industry in the importing country.

E) Emergency Restrictions

52. All trading countries find it necessary, from time to time, to take emergency action in the form of additional duties or import quotas to restrict fairly traded imports which nevertheless cause or threaten serious injury to domestic producers. The General Agreement on Tariffs and Trade (GATT) allows for such emergency restrictions but they should apply to imports from all sources irrespective of the extent to which imports from a particular country have contributed to the injury to domestic producers. This is not the case for anti-dumping and countervailing cases.