

Canadian Statement to GATT Council
Re: Discriminatory Tax on Oil Imports

On 17 October, President Reagan signed into law the Superfund Amendments and Authorization Act of 1986 which launches a five year hazardous waste clean-up program. The Government of Canada fully supports the objective of this bill to improve the quality of the environment. The Canadian Government, however, has major concerns over the means chosen to finance this program. In particular, the USA Government has introduced a discriminatory tax on oil imports by imposing a tax of 8.2 cents per barrel on domestically produced petroleum while imposing a tax of 11.7 cents per barrel on imported crude oil and petroleum products. The imposition of a higher tax amounting to 3.5 cents per barrel on imported petroleum products and crude oil than that applied to domestic production is discriminatory treatment. It is the Canadian Government's view that this action is a clear breach of the provisions of the GATT, particularly of Article III concerning national treatment. There is absolutely no justification for imposing such a discriminatory tax and we strongly object to this flagrant disregard of the USA's commitments under the GATT. Only recently, we met in Punta del Este and launched the Uruguay round of Multilateral Trade Negotiations to halt the drift to protectionism and to liberalize trade. It is highly regrettable that the imposition of a discriminatory tax on oil imports and of customs user fees can only be seen as a backward step.

The Government of Canada again calls on the USA Government to amend its superfund legislation to make it consistent with its GATT obligations. I wish to inform you that the Government of Canada has requested consultations with the USA Government under Article XXIII(1) on this matter.