

NOTICE OF INTENTION TO INCREASE TARIFFS ON IMPORTS FROM THE UNITED STATES AS A RESULT OF THE FAILURE OF THE U.S. TO TERMINATE A DISCRIMINATORY TAX ON IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS FROM CANADA AND TO INVITE PUBLIC COMMENT

In October, 1986 the United States enacted legislation which went into effect January 1, 1987, to impose a tax of 8.2 cents per barrel on domestic petroleum and petroleum products, and a tax of 11.7 cents per barrel on imported petroleum and petroleum products. The legislation is scheduled to terminate on December 31, 1991.

At Canada's request, a GATT Panel was established to determine whether the 3.5 cent per barrel discriminatory element of the tax on imports of petroleum and petroleum products is consistent with U.S. obligations under the GATT. A GATT Panel report, which found that the discriminatory aspect of the tax is inconsistent with U.S. obligations under the GATT, was adopted by the GATT Council in June, 1987.

The U.S. has failed to take action to bring this measure into conformity with its obligations under the GATT. Accordingly, the Minister for International Trade announced on March 30, 1989 that Canada was taking action to secure authority from the GATT to withdraw substantially equivalent concessions from the United States. The trade impairment is estimated to be \$10 million annually.

It is the Government's intention to select from the list published in this notice, products on which it would be prepared to withdraw tariff concessions. Tariff concessions would be withdrawn pursuant to Section 59(2) of the Customs Tariff. Options being considered include tariff increases in the order of one to three percentage points which would be applied on imports from the U.S. only.

Interested parties are invited to submit comments on the items by July 7, 1989. Comments should be submitted in writing to:

Director
Tariffs Division
Department of Finance
Ottawa, Ontario
K1A 0G5
Facsimile Number: (613) 995-3843

These comments will be taken into consideration in determining the appropriate measures to be submitted to the GATT Contracting parties for approval as required by GATT Article XXIII.