

Minister Crosbie indicated that, at the end of the consultative period and based on a careful review of the comments received, it was the Government's intention to select from the list, products for which it would seek GATT authorization to withdraw tariff benefits. This action would be taken in the absence of any move by the U.S. to eliminate the discriminatory aspect of their Superfund legislation or to provide adequate compensation to Canada. Tariff benefits equivalent to the approximately \$10 million cost added to Canadian oil exported to the U.S. would be sought.

"We take this action reluctantly," Minister Crosbie said. "However, the United States is in direct contravention of its GATT obligations. The U.S. has had more than a reasonable period of time to bring its legislation into conformity with its obligations under the GATT. The Government must act to protect Canadian interests."

This U.S. tax, imposed under the Superfund legislation, is collected at a rate of 8.2 cents per barrel on domestic production, and a rate of 11.7 cents per barrel on imports of crude and refined petroleum products. The 3.5 cents per barrel differential aspect of the tax was found in June 1987 to be inconsistent with U.S. obligations under the GATT.

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