

The U.S. tariff on yachts will be reduced from rates of 2 and 5 percent to a rate of 1.5 percent and the 4 percent duty on wood canoes and paddles will be eliminated. The Canadian industry is developing an important market in the United States, particularly for sailing craft.

The United States will not be reducing its 18 percent tariff on rail cars but will be making formula tariff reductions on locomotives, self-propelled cars and most parts.

Aircraft: A major international agreement of considerable significance to Canada has been negotiated for the aircraft sector. This provides for elimination of duties as from January 1, 1980 on civil aircraft, engines, virtually all parts and related equipment, including simulators, by the United States, EEC, Japan, Sweden and Canada. Elimination of duties on repair and overhaul of civil aircraft will also be part of the arrangement. These concessions will enhance the export opportunities for this high technology, internationally competitive Canadian industry. The agreement also provides for improved international disciplines on a range of important non-tariff measures. These provisions are such, however, that Canada will be able to continue to provide appropriate government support for the industry and to require reasonable opportunities for "offsets" in the case of major civil aircraft procurement. Production and trade in military aircraft is not covered by the Agreement.

Electrical, Electronic and Telecommunications Equipment: While some U.S. and Canadian tariff concessions in these sectors will not enter into force unless and until the coverage of the Government Procurement Code is generally extended to this area, nonetheless very important concessions for Canadian industry have been made for a wide variety of electrical, electronic and telecommunications equipment. For example, Canadian producers of electrical switching gear and circuit breakers should be in a position to strengthen their position in the U.S. market as a result of tariff reductions from 8.5 to 5.3 percent. U.S. tariffs on dutiable imports in the electronic and telecommunication sector will be reduced by an average of approximately 40 percent. There will be a reduction to 5.3 percent in the U.S. tariffs on telephone apparatus and parts.

The Canadian domestic appliance industry will benefit from U.S. tariff reductions on air conditioners (from 5.5 to 2.2 percent), refrigerators (from 5 to 3.7 percent), washing machines (from 7 to 2.8 percent), dryers (from 8 to 5.1 percent), and electric ranges (from 4 percent to free).

U.S. reductions of its rates of duty on office machinery and computers will benefit about \$180 million of Canadian exports. U.S. reductions of interest include those on typewriters from (5.5 to 2.2 percent) and on parts (from 9.5 to 5.7 percent). U.S. rates on computers will be reduced from the present rates of 5 or 5.5 percent to new levels of 3.7 or 3.9 percent.