

misunderstanding of an announcement by the Canadian Government that, as of December 1st, 1960, automobiles imported from Britain and the Continent will be valued for duty at 20 per cent under the list price at which a manufacturer sells to a dealer in his home market, unless, and this is an important proviso, a higher discount can be justified on the basis of the manufacturer's sales in his home market. This announcement has attracted a good deal of attention in this country as well as in Canada, and a few words about it are in order to ensure a better public understanding of what it means.

How does this prospective customs procedure compare with what is now in force? Since 1949 British and European exporters have enjoyed a special advantage in the Canadian car market. At that time the Canadian authorities decided that for customs valuation purposes automobiles imported from the United Kingdom and the Continent would be allowed a 30 per cent discount off user list price. You will no doubt recall, as I do, that in 1949 your automobile manufacturers were finding it very difficult to sell in the Canadian market, and there was also a shortage of cars in Canada to meet our demands. That was the reason for this special provision of a 30 per cent discount. What should be recalled is that this was a unilateral concession by Canada, which favoured United Kingdom and European manufacturers over Canadian automobile makers, since no corresponding or similar concession was granted to them.

The law in Canada requires that imports be valued for duty at fair market value in the exporter's home market and the purpose of the Canadian Government's recent announcement was simply to ensure that the discounts allowed on automobiles are in accordance with those prevailing in that home market. It does not seem unreasonable to me that any government should bring its customs practice into line with what the law of the land requires. In fact, it strikes me as quite accurate to describe the Canadian Government's action, as "The Financial Times" did in a story from Ottawa, as a "tightening-up on existing customs practice where this has been lax....".

#### A Slight Price Rise

This is not to deny that the effect of this tightening-up may result in a slight increase in the price of British cars in Canada. I do not question that possibility, but what I do question are the suggestions that this announcement was designed to decrease British exports to Canada. It is by no means clear at this time that, in fact, the sales of British automobiles to Canada will be affected by this announcement. Certainly it cannot have contributed to the decline of sales in recent months because the new customs procedure will not come into force until December 1.