

ANTI-DUMPING TARIFF REGULATIONS.

The Dominion Customs Department has, after careful deliberation, promulgated regulations giving effect to what is popularly known as the "anti-dumping clause," and has handed to the press the following explanation of the regulations:—

In view of the facts that the new law has an important bearing upon the trade and commerce of the country, and that it is the adoption of an entirely new and striking idea in tariff-making, it is considered that it would be beneficial to the business community to give a full explanation of the principal features of the legislation and the regulations thereunder.

For a proper understanding of the matter, it is necessary at the outset to state that the Customs law of Canada, now and for many years past in force, provides, in effect, that the value for Customs duty purposes of any imported article subject to an ad valorem duty shall be the fair market value of such article as sold for home consumption in the principal markets of the country of export, at the time of export, in the ordinary course of trade, and on the usual terms of credit in like quantity and condition.

Heretofore, therefore, although a manufacturer or merchant in any other country might sell goods (subject to an ad valorem duty) to Canada at lower prices than he sold similar goods for home consumption in his own country, the Canadian Customs law required payment of Customs duty, not upon the special price for export, but upon the basis of the home consumption value in country of export.

As will be remembered, the Canadian Parliament has provided that in any case where imported dutiable goods of a class or kind manufactured or produced in Canada (whether subject to specific or ad valorem duties) are sold to Canada at a price below the fair market value of such goods, as sold for home consumption in the open market of the country of export, in the usual and ordinary way, and on the usual credit terms, at the time of export, there shall be levied thereon, in addition to the ordinary duty established by the Customs laws, a special duty equal to the difference between the selling prices to Canada and the said fair market value for home consumption in the country of export, provided, however, that such special duty shall not exceed one-half ordinary duty provided by law.

The rate and extent of the special duty is, however, varied in respect of articles upon which bounties are paid when manufactured in Canada, viz., iron in pigs, iron kentledge, and cast scrap iron, iron or steel ingots, clogged ingots, blooms, slabs, billets, puddled bars, and loops or other forms, n.o.p.; less finished than iron or steel bars, but more advanced than pig iron, except castings; rolled iron or steel angles, toes, beams, channels, joists, girders, zees, stars or other rolled shapes, or trough bridge, building or structural rolled sections or shapes, not punched, drilled or further manufactured than rolled, n.e.s. and flat-eye, bar blanks not punched or drilled; rolled iron or steel plates not less than thirty inches in width, and not less than one-quarter of an inch in thickness, n.o.p.; round rolled wire rods not over $\frac{3}{4}$ of an inch in diameter.

As regards the latter articles, the law is that the special duty (which is in addition to the ordinary duty) shall be the amount of the difference between the selling price to Canada and the fair market value for home consump-

tion in the country of export, but that such special duty shall not exceed 15 per cent. of such market value.

To illustrate the working of the clause the following suppositions instances are cited:

(No. 1). Take the case of a piece of machinery sold from another country to Canada at, say, \$90, but which is usually sold for home consumption in the country of export at \$100; the calculation under such circumstances would be as follows:

First, ordinary duty at 25 per cent. on the fair market value for home consumption, viz., \$100—\$25.

Second, add for special duty the difference between the selling price and the fair market value, viz., \$10. Total duty, \$35.

Note — If the difference between the selling price and the fair market value, as aforesaid, had been \$12.50 or more, the maximum special duty would be imposed, viz., \$12.50, or one-half the ordinary duty charges based upon the fair market value.

(No. 2). Take the case of bar steel sold from abroad to Canada at, say, \$23 per ton, but which are usually sold for home consumption in the country of export at, say, \$27 per ton. The rate of duty is 7 per cent. The calculation would be as follows:

First, ordinary duty at 7 per cent.—\$7.

Second, add for special duty one-half the ordinary duty, or \$3.50, the difference between the selling price and the fair market value in the country of export, being equal to and in excess of that amount, viz., \$3.50. Total duty, \$10.50.

It is provided in the law that exemption from the special duty may be allowed in respect to any article which is rated for duty in the tariff at 50 per cent. ad valorem or upwards, or at specific rates of duty, equal to 50 per cent. ad valorem or upwards based upon the fair market value for home consumption in the country of export.

For instance, take the case of certain soap which is dutiable at two cents per pound under the tariff. If the fair market value of such soap for home consumption in the country of export is four cents per pound or under, the equivalent ad valorem duty would be 50 per cent. or upwards, and the exemption referred to in this paragraph would, therefore, apply.

Provision has also been made for exemption from the special duty when the difference between the fair market value as aforesaid and the selling price to Canada amounts to only a small percentage of such market value. With regard to this provision, it has been determined, on the advice of the Board of Customs, that the special duty shall not be applicable when the difference between the fair market value and the selling price of the goods to Canada does not exceed 5 per cent. of such fair market value, the whole difference, however, when exceeding 5 per cent., to be taken into account for the purpose of imposing special duty.

The special duty clause does not apply to articles of a class which are subject to excise duty in Canada. It should be particularly observed, also, that the law does not apply to articles of a kind or class which are not made or produced in Canada.

It is declared in the regulations that when the value of goods for duty purposes is determined by the Minister of Customs under the provisions of the Customs Act, by reason of the goods being exported or imported under unusual conditions, the value so determined

shall be held to be the fair market value thereof within the meaning of that term as used for duty purposes.

The regulations required in the first place that invoices in duplicate, properly certified to, shall be delivered to the Customs House with the bills of entry for all imported goods. Heretofore the regulations only required one copy of each invoice to be produced and left with the Customs. Such copy was filed at the port of entry, and was not forwarded to the department at Ottawa unless when called for. The idea of the department in requiring invoices to be produced and delivered in duplicate is that one copy shall be filed as usual at the ports, and that the other shall be sent with a copy of the entry to a special checking branch at headquarters in Ottawa. This is a very important reform, and will undoubtedly be of much benefit, inasmuch as it will tend greatly to ensure uniform collection of the revenue in accordance with the law. It is the intention to have all invoices closely scrutinized and compared at the checking branch at headquarters by a competent staff. It may be noted here that the United States Customs authorities require two copies of each invoice to be presented and left with them.

The regulations further provide that each invoice shall show in one column the actual price at which the articles have been sold to the importer in Canada, and in a separate column the fair market value of each article as sold for home consumption in the country of export. Under the old regulations the exporter was required to note the fair market value in the margin of the invoices only where there was a difference of market value in selling price, and the practice was to make a very brief notation, which very often only referred to the total cost, and not to the cost of each article. The new requirement will, it is believed, impress more firmly upon the minds of exporters the importance of the information as to the home value, and will probably result in more accurate information in that respect being given.

The department has prepared and approved a form of invoice, and it is intended that such form shall be adopted by all exporters to Canada as soon as possible. Specimen copies of such forms for the information and convenience of importers and exporters will be furnished at the various Customs houses.

An important change has been made in the form of certification of invoices. The certificate known as form "J," which heretofore has been required on all invoices of goods except for entry under the British preferential tariff, has been abolished, and a new and more comprehensive one substituted. Form "J," which is abolished, reads as follows:

"This invoice is true and correct, and where there is a difference between any of the prices shown therein and the ordinary credit prices at which the same articles are now sold bona-fide by the exporter in like quantity and condition at this place for consumption in this country, the latter prices are shown on the margin or elsewhere on such invoice."

The new certificate reads as follows:

"That the said invoice contains a true and full statement showing the price actually paid or to be paid for the said goods, the actual quantity thereof and all charges thereof.

"That the said invoice also exhibits the fair market value of the said goods at the time and place of their direct exportation to Canada, and as when sold at the same time and place in like quantity and condition for home