

combines are manufactured in Canada only by three companies and the model ranges are very limited. Other farm equipment is not dominated by large manufacturers to the same extent, and there are several manufacturers of, for example, seeding and tillage equipment in Canada. Often these manufacturers develop and produce equipment that is well suited to local conditions and the export market potential is limited to areas with similar farming conditions.

Canada imports over 90 percent of the machinery sold here. Exports are 38 percent of the value of machinery manufactured here. The United States is Canada's largest trading partner and accounts for just under 90 percent of both exports and imports.

Canada, like the United States and other developed countries, in general allows duty free access for farm machinery for farm use. Some minor areas of concern exist, where machinery items and machinery parts encounter import duties going into the United States and/or into Canada. This applies mainly to items that can be used for farming and for other purposes and to parts that can be used in non-farm machinery. Examples of such items include hay stack covers, dozer blades, and parts for spraying equipment.

The trade restrictions on machinery items differ between Canada and the United States. In general, Canada is less restrictive than the United States in its free entry provisions. The restriction can be a duty or it can be an administrative requirement to obtain a certification of the end use of the item in order not to pay the duty. Because of the wide variety of items and parts and their uses, there are often problems of interpretation. This occurs particularly for new products or when tariff regulations are changed.