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How Our Customs Tariff Works

OPERATION *of Three Tariffs—List of Trade Treaties and Conventions—German Treaty was Cancelled at the Outbreak of War—Dumping Clause and Surtax—Agreement with the West Indies.*

Under the customs tariff of Canada, there are three tariffs, as follows:—

1. British preferential.
2. Intermediate.
3. General.

The British preferential tariff applies not only to the goods, the produce or manufacture of the United Kingdom, but also to Bermuda, the British West Indies, British Guiana, British India, Ceylon, Straits Settlements, New Zealand, Cape of Good Hope, Natal, Orange River Colony, Transvaal, Southern Rhodesia, Swaziland, Basutoland, Bechuanaland Protectorate, Northern Rhodesia, Nyasaland Protectorate, Uganda Protectorate, East Africa Protectorate, Protectorate of Northern Nigeria, Colony and Protectorate of Southern Nigeria, Gold Coast, Sierra Leone, Gambia, Somaliland Protectorate, Federated Malay States, British North Borneo, Sarawak, Brunei, Mauritius and Dependencies thereof, Seychelles, St. Helena, Ascension, Friendly or Tonga Islands, Fiji, Falkland Islands and British Honduras.

Under the provisions of sections 5 and 6 of the French Convention Act, 1908, certain natural and manufactured products of the following countries are entitled to entry for duty in Canada upon the terms and conditions granted in respect of the like natural and manufactured products of France, Algeria, the French Colonies and Possessions and the Territories of the Protectorate of Indo-China, namely: The United Kingdom, all British Colonies and British Possessions; and also the following countries accorded most favored nation treatment in tariff matters by Canada:—

Argentine Republic.	Norway.
Austria-Hungary.	Russia.
Colombia.	Spain.
Denmark.	Sweden.
Japan.	Switzerland.
	Venezuela.

The rates of customs duties in the general tariff apply to all goods not entitled to admission under the intermediate or under the British preference tariff.

Articles which are the produce or manufacture of any foreign country which treats imports from Canada less favorably than those from other countries may be subject to a surtax over and above the duties otherwise specified, such surtax in every case to be one-third of the duty otherwise specified.

In the case of articles exported to Canada of a class or kind made in Canada, if the export or actual selling price to an importer in Canada be less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said fair market value thereof for home consumption.

In June, 1910, Belgium was granted by Canada the rates of the intermediate tariff in regard to certain articles, the produce or manufacture of Belgium, provided such goods were imported direct from Belgium or from a British country, without transhipment into a sea or river port of Canada. Belgian products and manufactures had been subject to rates of customs duties set forth in the general tariff. The Belgian tariff is one of the lowest in Europe. On several leading articles of export from Canada to Belgium, such as wheat, barley, ores of all kinds, asbestos and lumber, there are no custom duties, while on manufactured articles, such as Canada exports, the range of duties is from two per cent. to twelve per cent. There was, therefore, no reason on the part of Canada to complain of the rates of customs duties imposed by Belgium.

In February, 1910, the Imperial Government conceded to articles the produce or manufacture of Canada, enumerated in a special schedule upon their importation into Germany, on or after March 1st, 1910, the Conventional Tariff rates of duty. Canada then suspended the surtax imposed under regulations made in November, 1903, from application to articles the produce or manufacture of Germany imported into Canada, and, in consequence, the articles the produce or manufacture of Germany were admitted on their importation into Canada at the rates of duty imposed by the general tariff.

This agreement was a provisional one, and the question of a general convention for the regulation of commercial relations between Germany and Canada was deferred for consideration at a time that might be found mutually convenient. This treaty with Germany was cancelled at the outbreak of war.

The stipulations of the treaty of commerce and navigation between Great Britain and Japan are also applicable, so far as the laws permit, to Canada. Canada is, therefore, entitled to the tariff rates specified in the schedule attached to that treaty. In respect of articles not enumerated in that tariff, the general statutory tariff of Japan applies, subject to certain provisions of the treaty of 1858, and the latest treaty.

Italy has two tariffs, known as the general tariff, the higher one, and the conventional tariff, the lower one, some articles of interest to Canadian exporters being free, while on other articles of like interest there is no conventional rate; Canada, not having treaty arrangements with Italy, was not entitled to the benefits of the Italian conventional tariff, and it was, therefore, desirable that in the making of a temporary arrangement Italy should grant to Canada the benefits of her conventional tariff, on a specified list of Canadian products, in return for the granting by Canada of the benefits of the intermediate tariff on a specified list of Italian products. This was done in June, 1910.

Inquiry was made from the government on behalf of the Netherlands as to the conditions under which the intermediate tariff might be made to apply to the products of