

There are no Canadian import duties on firm inputs such as diesel fuel, gasoline, natural gas and propane. The regulated Canadian energy markets have resulted in prices of diesel fuel and gasoline that are close to unregulated prices and the dismantling of these regulations is not likely to lead to future price differences between Canada and the United States.

The United States imposes an export duty on refined products destined to Canada of 0.4 cents (Canadian) per liter of gasoline and 0.03 cents per liter of diesel fuel, which is insignificant.

Firm fuel prices are more likely to differ between Canada and the United States because of different pricing and market behavior of fuel distributors and suppliers and because of different tax, subsidy, and rebate schemes. However, such differences may be larger between individual provinces or regions within Canada than between Canada and the United States. Price differences of this nature also vary rapidly over time as "policy wars" erupt in a region or as government programs change.

A very small barrier to the direct movement of firm fuel between Canada and the United States is the different lead content of leaded gasoline in the two countries. The United States has reduced the lead content faster than Canada, and consequently United States gasoline is not as suitable for some very old model engines as is Canadian gasoline.

Firm Machinery

The firm machinery industry in the world's markets is dominated by about ten large multinational companies with production concentrated in a small number of locations for each company. Structures and