



news release

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For release

GOVERNMENT TO CONSULT ON INITIATIVES AGAINST U.S. "SUPERFUND"

International Trade Minister John C. Crosbie and Minister of State (Privatization and Regulatory Affairs) John McDermid today released for public comment a list of some 70 products from which the government is considering selecting items for tariff increases. This action is in response to the failure by the United States to eliminate its GATT inconsistent discriminatory tax on oil imports from Canada.

International Trade Minister Crosbie announced on March 30, 1989 the Government's intention to take action against the United States in the absence of a satisfactory resolution of this issue.

Minister McDermid said that a Notice is being published on June 19, 1989 in the Canada Gazette (copy attached) listing products imported from the U.S. which have been identified as possible candidates for the withdrawal of tariff benefits. The Notice requests comments from interested parties by July 7, 1989. Mr. McDermid added that tariff increases of one to three percentage points would be considered on products of U.S. origin for as long as the discriminatory U.S. measure remains in place, or until suitable compensation is provided.

Minister McDermid emphasized the importance of consulting interested domestic parties to ensure that the most appropriate candidates are selected from the list.

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Minister Crosbie indicated that, at the end of the consultative period and based on a careful review of the comments received, it was the Government's intention to select from the list, products for which it would seek GATT authorization to withdraw tariff benefits. This action would be taken in the absence of any move by the U.S. to eliminate the discriminatory aspect of their Superfund legislation or to provide adequate compensation to Canada. Tariff benefits equivalent to the approximately \$10 million cost added to Canadian oil exported to the U.S. would be sought.

"We take this action reluctantly," Minister Crosbie said. "However, the United States is in direct contravention of its GATT obligations. The U.S. has had more than a reasonable period of time to bring its legislation into conformity with its obligations under the GATT. The Government must act to protect Canadian interests."

This U.S. tax, imposed under the Superfund legislation, is collected at a rate of 8.2 cents per barrel on domestic production, and a rate of 11.7 cents per barrel on imports of crude and refined petroleum products. The 3.5 cents per barrel differential aspect of the tax was found in June 1987 to be inconsistent with U.S. obligations under the GATT.

For more information, contact:

Media Relations Office
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(613) 995-1874

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(613) 992-7096

NOTICE OF INTENTION TO INCREASE TARIFFS ON IMPORTS FROM THE UNITED STATES AS A RESULT OF THE FAILURE OF THE U.S. TO TERMINATE A DISCRIMINATORY TAX ON IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS FROM CANADA AND TO INVITE PUBLIC COMMENT

In October, 1986 the United States enacted legislation which went into effect January 1, 1987, to impose a tax of 8.2 cents per barrel on domestic petroleum and petroleum products, and a tax of 11.7 cents per barrel on imported petroleum and petroleum products. The legislation is scheduled to terminate on December 31, 1991.

At Canada's request, a GATT Panel was established to determine whether the 3.5 cent per barrel discriminatory element of the tax on imports of petroleum and petroleum products is consistent with U.S. obligations under the GATT. A GATT Panel report, which found that the discriminatory aspect of the tax is inconsistent with U.S. obligations under the GATT, was adopted by the GATT Council in June, 1987.

The U.S. has failed to take action to bring this measure into conformity with its obligations under the GATT. Accordingly, the Minister for International Trade announced on March 30, 1989 that Canada was taking action to secure authority from the GATT to withdraw substantially equivalent concessions from the United States. The trade impairment is estimated to be \$10 million annually.

It is the Government's intention to select from the list published in this notice, products on which it would be prepared to withdraw tariff concessions. Tariff concessions would be withdrawn pursuant to Section 59(2) of the Customs Tariff. Options being considered include tariff increases in the order of one to three percentage points which would be applied on imports from the U.S. only.

Interested parties are invited to submit comments on the items by July 7, 1989. Comments should be submitted in writing to:

Director
Tariffs Division
Department of Finance
Ottawa, Ontario
K1A 0G5
Facsimile Number: (613) 995-3843

These comments will be taken into consideration in determining the appropriate measures to be submitted to the GATT Contracting parties for approval as required by GATT Article XXIII.

For further information concerning the U.S. legislation in question, contact Mr. M.R. Robertson, U.S. Trade Relations Division, Department of External Affairs, Ottawa, Ontario K1A 1J1, telephone 613-992-1133. For further information concerning the products included on the list, contact Mr. Richard Lalonde, Tariffs Division, Department of Finance, Ottawa, Ontario K1A 0G5, telephone 613-996-5887.

TARIFF ITEM*	DESCRIPTION	CANADIAN TARIFF**	
		MFN	FTA
2204.10.00	SPARKLING GRAPE WINE	44¢/l	39.6¢/l
2204.21.XX	OTHER GRAPE WINES OF VARYING ALCOHOLIC STRENGTHS AND CERTAIN GRAPE MUST, ALL IN CONTAINERS HOLDING 2 LITRES OR LESS	4.40¢/l to \$2.20/l & 30%	3.9¢/l to \$1.980/l & 30%
2204.29.XX	OTHER GRAPE WINES OF VARYING ALCOHOLIC STRENGTHS AND CERTAIN GRAPE MUST, ALL IN CONTAINERS OVER 2 LITRES	4.40¢/l to \$2.20/l & 30%	3.9¢/l to \$1.980/l & 27%
2849.10.00	CALCIUM CARBIDE	10.0%	8.0%
2905.11.00	METHANOL	10.0%	8.0%
2905.31.00	ETHYLENE GLYCOL	10.0%	8.0%
2905.42.00	PENTAERYTHRITOL	12.5%	10.0%
2914.11.00	ACETONE	10.0%	8.0%
3901.10.00	POLYETHYLENE IN PRIMARY FORMS	10.2%	8.1%
3915.20.00	POLYSTYRENE WASTE AND SCRAP	10.0%	8.0%
3915.30.00	POLYVINYL CHLORIDE WASTE AND SCRAP	10.0%	8.0%
3915.90.XX	WASTE AND SCRAP PLASTICS OTHER THAN POLYETHYLENE, POLYSTYRENE OR POLYVINYL CHLORIDE	8.6% to 13.5%	6.8% to 10.8%
3917.21.00	TUBES, PIPES AND HOSES OF POLYETHYLENE -- RIGID	13.6%	12.2%
3917.23.00	TUBES, PIPES AND HOSES, OF POLYVINYL CHLORIDE - RIGID	13.6%	12.2%
3917.29.00	TUBES, PIPES AND HOSES OF OTHER PLASTICS -- RIGID -- OTHER THAN POLYETHYLENE, POLYPROPYLENE OR POLYVINYL CHLORIDE	13.6%	12.2%
3917.31.00	TUBES, PIPES AND HOSES - FLEXIBLE, PLASTIC - MINIMUM BURST PRESSURE 27.6 MPa	13.6%	12.2%
3917.32.00	TUBES, PIPES AND HOSES, PLASTIC - OTHER	13.6%	12.2%
3917.40.00	PIPE, TUBE OR HOSE FITTINGS - PLASTIC	13.6%	12.2%
3918.10.XX	CERTAIN FLOOR, WALL AND CEILING COVERINGS OF POLYMERS OF VINYL CHORIDE	13.5% to 25%	12.1% to 22.5%
3918.90.XX	CERTAIN FLOOR, WALL AND CEILING COVERINGS OF OTHER PLASTICS	13.5% to 25%	12.1% to 22.5%
3919.10.XX	SELF ADHESIVE PLASTIC PLATES, SHEETS, FILMS, ETC., IN ROLLS NOT EXCEEDING 20 cm IN WIDTH	10% to 25%	9% to 22.5%

TARIFF ITEM	DESCRIPTION	CANADIAN TARIFF	
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3919.90.XX	SELF-ADHESIVE PLASTIC PLATES, SHEETS, FILMS, ETC, OTHER	13.5% to 25%	12.1% to 22.5%
3920.10.00	FILM AND SHEETS ETC, NON-CELLULAR, OF POLYMERS OF ETHYLENE	13.6%	12.2%
3921.11.00	FILM AND SHEET ETC, CELLULAR, OF POLYMERS OF STYRENE	13.5%	12.1%
3922.20.00	LAVATORY SEATS AND COVERS, PLASTIC	11.4%	10.2%
3923.21.00	SACKS AND BAGS, OF POLYMERS OF ETHYLENE	13.6%	12.2%
3923.29.00	SACKS AND BAGS, OF PLASTICS OTHER THAN POLYETHYLENE	13.6%	12.2%
3923.30.XX	CARBOYS, BOTTLES, FLASKS, ETC., OF PLASTIC	13.6% to 13.7%	12.1% to 12.3%
3923.50.XX	STOPPERS, LIDS, CAPS, ETC. OF PLASTIC	13.6% to 13.8%	12.2% to 12.4%
3925.10.00	PLASTIC RESERVOIRS, TANKS, VATS; OVER 300 l CAPACITY	13.6%	12.2%
3925.20.00	PLASTIC DOORS, WINDOWS AND FRAMES AND THRESHOLDS FOR DOORS	13.6%	12.2%
3926.20.XX	PLASTIC APPAREL, CLOTHING ACCESSORIES	13.6% to 25.5%	12.2% to 22.9%
4002.31.00	ISOBUTENE-ISOPRENE (BUTYL) RUBBER-PRIMARY FORMS, SHEETS, PLATES, ETC.	FREE	FREE
4002.39.00	HALO-ISOBUTENE-ISOPRENE RUBBER-PRIMARY FORMS, SHEETS, PLATES, ETC.	FREE	FREE
4409.20.XX	NON-CONIFEROUS WOOD CONTINUOUSLY SHAPED ALONG ANY OF ITS EDGES OR FACES, WHETHER OR NOT PLANED, SANDED OR FINGER-JOINTED	FREE to 5.5%	FREE to 4.9%
4415.10.XX	CASES, BOXES, CRATES, DRUMS AND SIMILAR PACKINGS, OF WOOD; CABLE DRUMS OF WOOD	9.2% to 15.0%	8.2% to 13.5%
4415.20.00	PALLETS, BOX PALLETS AND OTHER LOAD BOARDS OF WOOD	9.2%	8.2%
4418.10.10	WINDOWS, FRENCH-WINDOWS AND THEIR FRAMES, OF WOOD	9.2%	8.2%
4418.20.00	DOORS AND THEIR FRAMES AND THRESHOLDS, OF WOOD	11.3%	9%
4418.30.00	PARQUET PANELS, INCLUDING WOOD TILES	5.5%	4.4%

TARIFF ITEM	DESCRIPTION	CANADIAN TARIFF	
		MFN	FTA
4803.00.XX	TOILET OR FACIAL TISSUE STOCK, TOWEL OR NAPKIN STOCK AND SIMILAR PAPER OF A KIND USED FOR HOUSEHOLD OR SANITARY PURPOSES, CELLULAR WADDING AND WEBS OF CELLULAR FIBRES	FREE to 9.2%	FREE to 7.3%
4813.20.00	CIGARETTE PAPER, IN ROLLS OF A WIDTH NOT EXCEEDING 5 cm	6.5%	5.2%
4814.20.00	WALLPAPER COATED WITH PLASTICS	7.5%	6%
4818.10.00	TOILET PAPER	10.2%	8.1%
4818.20.00	HANDKERCHIEFS, CLEANSING OR FACIAL TISSUES AND TOWELS	10.2%	8.1%
4818.30.00	TABLECLOTHS AND SERVIETTES	10.2%	8.1%
4818.40.XX	SANITARY TOWELS AND TAMPONS, NAPKINS AND NAPKIN LINERS FOR BABIES AND SIMILAR SANITARY ARTICLES	10.2% to 17.5%	8.1% to 14%
4819.10.00	CARTONS, BOXES AND CASES OF CORRUGATED PAPER OR PAPERBOARD	9.2%	7.3%
4819.20.00	FOLDING CARTONS, BOXES AND CASES, OF NON-CORRUGATED PAPER OR PAPERBOARD	10.2%	8.1%
4819.30.00	SACKS AND BAGS OF PAPER, PAPERBOARD, CELLULOSE WADDING OR WEBS OF CELLULOSE, HAVING A BASE OF A WIDTH OF 40 cm OR MORE	9.2%	7.3%
4819.40.XX	SACKS AND BAGS OF PAPER, PAPERBOARD, CELLULOSE WADDING OR WEBS OF CELLULOSE OF A WIDTH LESS THAN 40 cm	9.2% to 12.5%	7.3% to 10%
4819.50.00	PACKING CONTAINERS, INCLUDING RECORD SLEEVES, OF PAPER, PAPERBOARD, CELLULOSE WADDING OR WEBS OF CELLULOSE	10.2%	8.1%
4821.10.00	PRINTED PAPER OR PAPERBOARD LABELS	11.3%	9%
4823.11.00	SELF-ADHESIVE PAPER IN STRIPS OR ROLLS	10.2%	8.1%
4823.60.00	TRAYS, DISHES, PLATES, CUPS AND THE LIKE	10.2%	8.1%
*** 4911.99.90 EX	LOTTERY TICKETS	12.2%	9.7%
7610.10.00	ALUMINUM DOORS, WINDOWS AND THEIR FRAMES AND THRESHOLDS FOR DOORS.	10.3%	9.2%

TARIFF ITEM	DESCRIPTION	CANADIAN TARIFF	
		MFN	FTA
7610.90.00	ALUMINUM STRUCTURES AND PARTS OF STRUCTURES (FOR EXAMPLE BRIDGES AND BRIDGE-SECTIONS, TOWERS, LATTICE MASTS, ROOFS, ROOFING FRAMEWORKS, BALUSTRADES, PILLARS AND COLUMNS); ALUMINUM PLATES, RODS, PROFILE TUBES AND THE LIKE, PREPARED FOR USE IN STRUCTURES	10.3%	9.2%
8418.21.XX	REFRIGERATORS, HOUSEHOLD	12.5% to 12.6%	11.2% to 11.3%
8450.11.00	HOUSEHOLD WASHING MACHINES	12.5%	11.2%
8516.60.00	VARIOUS HOUSEHOLD COOKING APPLIANCES OTHER THAN STOVES, RANGES OR OVENS	12.6%	11.3%
9406.00.XX	PREFABRICATED BUILDINGS	6.8% to 25%	6.1% to 22.5%

* The "XX" designates a tariff heading consisting of a number of tariff items, all of which are included on the list.

** Tariff rates indicated under "MFN" are those applicable to imports from most sources except the U.S. Tariff rates under "FTA" are those applicable in 1989 to U.S. goods. Additional tariffs would only be applied on FTA tariff rates. Statutory concessionary tariff rates or other reduced tariff rates under tariff reduction Orders associated with any of the above tariff items (under the relevant tariff codes) would not be covered by the action proposed.

*** The "EX" refers to the partial coverage of the tariff item.