



Minister for
International Trade

Ministre du
Commerce extérieur

COMMUNIQUÉ

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CANADIAN STATEMENT TO GATT COUNCIL CONCERNING
U.S. IMPOSITION OF CUSTOMS USER FEES AND
DISCRIMINATORY TAX ON OIL IMPORTS

Canada's Minister for International Trade, Pat Carney, released a copy of the statements made by the Canadian representative at the GATT Council meeting held today in Geneva.

The statement makes clear that Canada deplores the U.S. imposition of a customs user fee on an ad valorem basis which bears no relation to the cost of the service rendered. In Canada's view the U.S. government has in effect put in place an import surcharge.

The U.S. government has also introduced a discriminatory tax on oil imports to finance a five year program to clean up hazardous wastes. The Government of Canada fully supports the U.S. objective of improving the quality of the environment. However, the imposition of a higher tax on imported petroleum than that applied to U.S. domestic production is clearly discriminatory treatment.

The Canadian representative strongly objected to this disregard of the USA's commitments under the GATT and called on the USA government to withdraw or suitably amend these measures. In Canada's view, these measures can only be seen as a retrograde step at a time when we are seeking to liberalize trade and improve the trading environment.

The full statements are attached.

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Canada

Canadian Statement to GATT Council
Re: Customs User fees

The United States Government as part of the Omnibus Budget Reconciliation Act of 1986 has imposed a customs user fee on imports entering the USA. The fee charge is set on an ad valorem basis. The Government of Canada strongly objects to the imposition of this so-called customs user fee. By this action we consider that the USA Government has put in place an import surcharge under the guise of a customs user fee. We deplore this action particularly as it comes on top of the earlier imposition of other customs user fees for processing the arrival of trucks, planes, boats etc in the USA. These measures can only be seen as a retrograde step at a time when we are seeking to liberalize trade and improve the trading environment. Rather than moving forward this action could force USA trading partners to take similar action.

Article VIII(1)(a) clearly states that any fees imposed shall be limited to the approximate cost "of services rendered". We strongly believe that the imposition of fees on an ad valorem basis does not correspond to the costs of providing the service of processing the import of a product.

We consider that the USA's imposition of this so-called "customs user fee" is not consistent with the provisions of GATT Article VIII(1)(a). We, therefore, call upon the USA Government to withdraw or suitably amend their customs users fee schedule.

I wish to inform you that the Government of Canada has requested consultations with the Government of the USA under GATT Article XXIII(1) on this matter.

Canadian Statement to GATT Council
Re: Discriminatory Tax on Oil Imports

On 17 October, President Reagan signed into law the Superfund Amendments and Authorization Act of 1986 which launches a five year hazardous waste clean-up program. The Government of Canada fully supports the objective of this bill to improve the quality of the environment. The Canadian Government, however, has major concerns over the means chosen to finance this program. In particular, the USA Government has introduced a discriminatory tax on oil imports by imposing a tax of 8.2 cents per barrel on domestically produced petroleum while imposing a tax of 11.7 cents per barrel on imported crude oil and petroleum products. The imposition of a higher tax amounting to 3.5 cents per barrel on imported petroleum products and crude oil than that applied to domestic production is discriminatory treatment. It is the Canadian Government's view that this action is a clear breach of the provisions of the GATT, particularly of Article III concerning national treatment. There is absolutely no justification for imposing such a discriminatory tax and we strongly object to this flagrant disregard of the USA's commitments under the GATT. Only recently, we met in Punta del Este and launched the Uruguay round of Multilateral Trade Negotiations to halt the drift to protectionism and to liberalize trade. It is highly regrettable that the imposition of a discriminatory tax on oil imports and of customs user fees can only be seen as a backward step.

The Government of Canada again calls on the USA Government to amend its superfund legislation to make it consistent with its GATT obligations. I wish to inform you that the Government of Canada has requested consultations with the USA Government under Article XXIII(1) on this matter.