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# news release

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Date

June 9, 1989.

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For release

GOVERNMENT ANNOUNCES CONSULTATIVE PROCESS FOR  
RESPONSE TO U.S. ACTION ON CANADIAN  
SUGAR/DEXTROSE BLENDS

International Trade Minister John C. Crosbie and Minister of State (Privatization and Regulatory Affairs) John McDermid today released for public comment a list of products from which the government is considering selecting items for withdrawal of tariff concessions under the GATT in response to the unwillingness of the United States to restore access for Canadian sugar/dextrose blends.

In converting the U.S. Tariff to the Harmonized Tariff System, effective January 1, 1989 U.S. Customs classified sugar/dextrose blends under a tariff item subject to a more restrictive import quota than previously applied. Sugar/dextrose blends had been subject to a U.S. global quota for sugar-containing products of 76,203 metric tonnes, the major share of which had been filled by Canadian exports of sugar/dextrose blends since imposition of the quota in 1985. Sugar/dextrose blends are now subject to a U.S. country quota for sugar. Canada's share of this quota is only 11,583 metric tonnes in 1989. Canadian exporters will lose an estimated \$25 million a year in sales.

Minister Crosbie noted that Canada has made repeated representations to the United States regarding the action by U.S. Customs and its impact on Canadian export interests.

Under the GATT, Canada has the right to take action to compensate for the loss of Canadian trade resulting from the U.S. action. Accordingly, Minister Crosbie confirmed that Canada formally notified the GATT on May 31, 1989 of its intention to withdraw tariff concessions.

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Minister McDermid said that a Notice is being published in the Canada Gazette (copy attached) on June 9, 1989, listing products imported primarily from the U.S. which have been identified as possible candidates for the withdrawal of tariff concessions. The Notice requests comments from interested parties by June 24, 1989.

While noting the importance of impressing upon the U.S. the government's resolve to defend Canada's legitimate trade interests, Minister McDermid emphasized the importance of consulting interested parties to ensure that the most appropriate measures are adopted.

Minister McDermid said: "The government will carefully review the comments received before selecting products on which tariff concessions would be withdrawn."

Minister Crosbie expressed his disappointment in the unwillingness of the United States to restore access for Canadian sugar/dextrose blends. "Canada takes this action reluctantly," Minister Crosbie stated. "It is not in either country's interest to impose import restrictions."

For further information, contact the Media Relations Office, Department of External Affairs, at (613) 995-1874, or Mr. D. Satherstrom, Department of Finance, at (613) 992-7096.

<u>TARIFF ITEM</u>	<u>DESCRIPTION</u>	<u>CANADIAN TARIFF*</u>	
		<u>MFN</u>	<u>FTA</u>
2103.20.00ex**	Tomato ketchup	15%	13.5%
2105.00.00	Ice cream and other edible ice, whether or not containing cocoa	15.5%	13.9%
2106.90.90ex	Ice cream powders and ice milk powders	17.1%	15.3%
2309.10.00	Dog or cat food put up for retail sale	6%	5.4%
1704.90.90ex	Marshmallows	15.5%	13.9%
1806.90.00ex	Chocolate coated nuts	12.5%	11.2%
2402.20.00	Cigarettes containing tobacco	20%	18%
1701.99.00	Refined cane or beet sugar, in solid form	\$30.86/ tonne	\$27.774/ tonne
0403.10.00	Yogourt	15%	13.5%
2403.99.10	Snuff	77.18¢/kg	69.4¢/kg

\* 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. Both the MFN and FTA tariff rates would be modified in effecting the withdrawal of concessions.

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

NOTICE OF INTENTION TO INCREASE TARIFFS IN RESPONSE TO THE UNWILLINGNESS OF THE U.S. GOVERNMENT TO RESTORE ACCESS FOR CANADIAN SUGAR/DEXTROSE BLENDS, AND TO INVITE PUBLIC COMMENT

In converting the U.S. Tariff to the Harmonized Tariff System, effective January 1, 1989 U.S. Customs classified sugar/dextrose blends under a tariff item subject to a more restrictive import quota than previously applied. Sugar/dextrose blends had been subject to a U.S. global quota for sugar-containing products of 76,203 metric tonnes. Sugar/dextrose blends are now subject to a U.S. country quota for sugar, Canada's share of which is only 11,583 metric tonnes in 1989. The trade impairment as a result of the U.S. action is estimated to be \$25 million annually.

Under GATT Article XXVIII, Canada has the right to take action to compensate for the loss of Canadian trade resulting from the U.S. action. Accordingly, Canada formally notified the GATT on May 31, 1989 of its intention to withdraw tariff concessions.

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 increased tariffs and tariff rate quotas, applied on imports from all sources. A tariff rate quota would allow a certain volume of imports to enter at the current tariff rate and imports in excess of that volume would be subject to a higher tariff rate.

Interested parties are invited to submit comments on the items by June 24, 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 action to be adopted.

For further information concerning the U.S. action in question, contact Mr. G. Adams, Free Trade Policy Division, Department of External Affairs, Ottawa, Ontario, K1A 1J1, telephone (613) 992-1133, extension 518. 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.