

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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CANADIAN ANTI-DUMPING LEGISLATION

Amendments to Regulations

The permanent mission of Canada has transmitted to the secretariat the following communication concerning amendments to the Regulations under Canada's Anti-Dumping Act.

On 23 March the Governor-in-Council approved amendments (annexed hereto) to the Anti-Dumping Act Regulations which provide a procedure for assessing the effect of credit terms in general and "concessional financing" in particular on "normal value" and "export price" and hence on margins of dumping. This development of the Regulations was undertaken in response to the practice of a number of foreign governments of guaranteeing loans to buyers in industrialized countries at lower rates of interest than prevail in the lending country.

Using present value techniques the new Regulations will permit comparison of full price of exports at the time of sale, including costs of financing, with normal value at time of sale of like goods when sold in the home market under comparable conditions, including such credit terms as are normally associated with sales of like goods.

These Regulations are consistent with Article 2 Sub-Sections (e) and (f) of the GATT Anti-Dumping Code.

ANNEX

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL, on the recommendation of the Minister of Finance, pursuant to section 35 of the Anti-Dumping Act, is pleased hereby to amend the Anti-Dumping Regulations made by Order in Council P.C. 1968-2349 of 31 December 1968, as amended, in accordance with the Schedule hereto.

SCHEDULE

1. The Anti-Dumping Regulations are amended by adding thereto, immediately after section 11 thereof the following section:

"11A. In determining the normal value of any goods sold by an exporter to an importer in Canada where like goods are sold by the exporter for home consumption in the country of export on credit terms, other than cash discounts, set out in schedules of payment in contracts of sale or in any financing agreements contingent on sales of the goods for home consumption in the country of export, the normal value, before any adjustments are made thereto pursuant to these Regulations, shall be the value of such payments, including the payments of both principal and interest, determined

(a) as of the time of the sales of the goods for home consumption in the country of export; and

(b) by reference to the interest rate, if any, associated with any financing of the sales of the goods, except that where no such interest rate can be determined, by reference to the interest rate prevailing in the country of export at the time of the sales of the goods for sales of like goods in comparable circumstances."

2. The said Regulations are further amended by adding thereto immediately after section 19 thereof the following section:

"19A. Where, in respect of any imported goods, the Deputy Minister is of the opinion that the export price, as determined under sub-section 10(1) of the Act, is unreliable by reason of a compensatory arrangement, as described in sub-paragraph 10(2)(b)(ii) of the Act, involving credit terms set out in a schedule of payments in the contract of sale or in any financing agreement contingent on the sale to the importer in Canada, for the purpose of paragraph 10(2)(d) of the Act, the export price of the goods shall be deemed to be the value of the payments, including the payments of both principal and interest, determined

(a) as of the time of the sale of the goods to the importer in Canada; and

(b) by reference to the interest rate, if any, associated with the financing of sales by the exporter of like goods for home consumption in the country of export except that

- (i) where there are no such sales in the country of export, or
- (ii) where there are sales in the country of export but only for cash or on credit terms involving only cash discounts or extended payment terms involving no payments of interest

by reference to the interest rate prevailing in the country of export at the time of the sales of the goods for sales of like goods in comparable circumstances.

adjusted by deducting therefrom the amounts described in paragraphs 18(1)(a) and (b) of these Regulations."