

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CANADA - CUSTOMS VALUATION OF POTATO IMPORTS

Communication from the Government of Canada

The following communication, dated 22 July 1966, has been received from the Government of Canada.

I have been instructed by my Government to inform the secretariat of the GATT of the decision of the Government of Canada to establish values for duty under section 40A(7)(c) of the Canadian Customs Act on imports of potatoes until 31 August 1966.

In explaining the background to this decision, I would like first to refer you to GATT document L/1927 of 16 November 1962, which contains the report of a panel which met during the twentieth session of the CONTRACTING PARTIES to examine a complaint by the Government of the United States concerning the application of values of duty on potatoes under the Canadian Customs Act on 16 October 1962. The report of the panel explains the reasons which prompted the Canadian Government at that time to resort to this action. It is for broadly similar reasons that the Canadian Government has now decided that values for duty must again be established on imports of potatoes. This decision was taken following careful consideration of current potato market conditions in Canada.

Certain segments of the Canadian potato industry are suffering severe hardship as a result of the current price situation for potatoes in Canada. In view of the major impact on the Canadian market of the sale of residual early United States supplies at distress prices, and of the temporary nature of this situation, it was considered that alternative measures to assist Canadian potato producers would not be appropriate and workable in this instance. Compared to the same time last year, prices have fallen to Canadian \$5.25 from approximately \$7.40 per cwt. The current price level is the lowest since 1958.

The decision of the Canadian Government to apply sub-section (c) of section 40A(7) of the Customs Act instead of sub-section (b) which was applied in 1961 and 1962, reflects the desire to avoid what in current circumstances would have been an unnecessarily restrictive measure. This was done despite the fact that sub-section (b) was specifically enacted in 1958 to provide necessary assistance to protect Canadian horticulture producers from drastic price reductions due to the lateness of the crops in Canada as compared to the United States. It is expected that under sub-section (c) it will be possible, on the basis of a ten-year average, to establish values for duty of Canadian \$2.77 f.c.b. per cwt. rather than Canadian \$3.60 per cwt. as would have been required under the three-year formula set out in sub-section (b).

I also wish to draw your attention to the fact that, unlike previous occasion when value for duty on potato imports was established under section 40A(7)(b), we have in this case indicated in advance the termination date (31 August 1966) for the value which will be applied under section 40A(7)(c). This is clear evidence that this action is intended only to meet a temporary emergency.

Finally, you should know that we are, of course, informing the United States authorities that the Canadian authorities are ready to enter into consultations should the United States consider such a course desirable.