

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## CANADA - TEMPORARY DUTY REDUCTIONS

The following communication has been received from the permanent mission of Canada.

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The Canadian authorities wish to inform contracting parties that the Minister of Finance, in presenting his Budget to Parliament on 19 February 1973 recommended, inter alia, temporary reductions for an initial period of one year in tariffs on a wide range of products. The reductions, which took effect immediately, average five percentage points on imports valued in 1972 at almost \$1.3 billion.

In recommending these tariff reductions to Parliament the Minister emphasized that they form part of a package of economic and fiscal measures including abolition of certain commodity taxes and reductions in income taxes designed both to stimulate the Canadian economy and to deal with the upward thrust in the cost of living. The tariff cuts themselves are one of a number of steps taken to reduce commodity taxes and were intended to be sufficiently broad in scope and of sufficient magnitude to have a significant effect in dampening the upward pressure on consumer prices.

The tariff changes were not made primarily with commercial policy objectives in mind but they should undoubtedly prove helpful in the broad international context. These reductions apply to a wide range of products, particularly consumer goods. Other changes include abolition of federal sales tax on children's apparel and foodstuffs which were not already exempt such as confectionaries and non-alcoholic beverages. These changes, which should be beneficial to the exports of many countries, cover a number of products where developing countries are important suppliers.

While the tariff cuts are for an initial period of one year, the Minister has undertaken to review the situation again before the measure expires. It is possible therefore that these temporary reductions could be extended beyond the initial period in order to ensure the attainment of the Government's economic objectives. However, any decision to make these reductions permanent will probably have to be taken in the context of a new multilateral round of trade negotiations and only after detailed examination of the situation of Canadian suppliers. The Canadian authorities hope, nonetheless, that the announcement of these temporary tariff cuts by Canada at this time will make a positive contribution to the current international economic environment.

The text of the detailed amendments to the Canadian Tariff is available in the secretariat<sup>1</sup> for examination by interested contracting parties.

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<sup>1</sup>Room 27, Villa Le Bocage, telephone 34 60 11:4439