

SECRET

GENERAL AGREEMENT ON TARIFFS AND TRADE

No. 0004

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ARTICLE XXVIII:5 NEGOTIATIONS

Schedule V - Canada

The following communication, dated 21 April 1983, has been received from the Permanent Mission of Canada.

1. As a result of Agreements reached in the MTN, on 1 January 1980, Canada eliminated the 15 per cent m.f.n. duty under item 42700-1, on, inter alia, feed pellet mills; self-propelled crawler machines (commonly known as bulldozers) with blades; and accessories, attachments, control equipment, tools and parts for the pellet mills and bulldozers. These articles are now provided for in duty-free item 42700-6.

2. Pursuant to Canada's notification on invocation of Article XXVIII:V (TAR/25 of 5 October 1981), Canada intends to modify Schedule V-Canada by amending free item 42700-6 to include crawler front-end loaders and crawler pipelayers (now under items 42701-1 and 42700-1 respectively which carry a current rate of 12.1 per cent to be reduced to 9.2 per cent as of 1 January 1987) and to exclude certain feed pellet mill parts and bulldozer parts namely: feed pellet mill dyes; feed pellet mill rolls; bulldozer front-end assemblies, blades, end-bits, rippers, scarifiers, ripper shank assemblies including shrouds and points, pipelayer attachments, operator cabs and rollover protection devices. Provision would be made for classification of those parts under item 42700-3 at the current m.f.n rate of 12.1 per cent, to be reduced to 9.2 per cent as of 1 January 1987.

3. The following tables show tariff items involved, modifications proposed and applicable rates. Import statistics, by product, for 1980, 1981 and 1982 are included to show supplier position.

(A) Current tariff items

(i) Machines, n.o.p., and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing:

Item 42700-1: other than the following (current rate of 12.1 per cent to be reduced to 9.2 per cent by 1 January 1987).

Item 42700-3: Buckets, digging teech, cutting edges, and parts thereof, for use with the goods enumerated in tariff item 42700-6 (current rate of 12.1 per cent to be reduced to 9.2 per cent by 1 January 1982).

Ex Item 42700-6: Feed pellet mills; ... self-propelled crawler machines, commonly known as bulldozers, with blades; ... all of the foregoing to include, subject to tariff item 42700-3, accessories, attachments, control equipment including jacquards and tools for use therewith; parts of the foregoing (rate of free).

(ii) Articles which otherwise would be classified under tariff items 42700-1 to 42700-4, namely: ... front-end loaders, ... to parts of the foregoing:

Item 42701-1: other than the following (current rate of 12.1 per cent to be reduced to 9.2 per cent by 1 January 1987).

(B) Proposed changes

(i) Item 42700-3: Bulldozer front-end assemblies and blades; buckets; digging teech; cutting edges; end-bits; rippers; scarifiers; ripper shank assemblies including shrouds and points; pipelayer attachments; operator cabs; rollover protection devices; feed pellet mill dyes; feed pellet mill rolls; parts of all the foregoing; all the foregoing for use with the goods enumerated in tariff item 42700-6 (12.1 per cent to be reduced to 9.2 per cent by 1 January 1987).

(ii) Ex Item 42700-6: Feed pellet mills; ... self-propelled crawler machines, commonly known as bulldozers; self-propelled crawler-mounted front-end loaders; self-propelled crawler-mounted pipelayers; ... all the foregoing to include, subject to tariff item 42700-3, accessories, attachments, control equipment including jacquards and tools for use therewith; parts of the foregoing (free).

(C) Import statistics

	1980	1981	1982	Average
	(\$ '000)			
(i) <u>Tariff increases</u>				
- Bulldozer parts	28,728	49,092	22,125	33,315
UNITED STATES	24,584	44,878	20,883	30,115
JAPAN	2,352	2,274	692	1,772
EEC	1,120	1,852	538	1,170
- Feed pellet mill parts	2,985	2,930	3,493	3,136
UNITED STATES	2,883	2,851	3,143	2,959

	1980	1981	1982	Average
	(\$ '000)			
<u>(ii) Tariff decreases</u>				
- Crawler loaders	25,127	49,366	11,161	24,457
UNITED STATES	22,196	32,322	10,641	21,719
JAPAN	825	2,083	92	1,000
EEC	1,839	2,135	428	1,468
- Crawler pipelayers	12,283	27,190	7,664	15,713
UNITED STATES	12,283	26,338	5,200	14,607
JAPAN	-	-	-	-
EEC	-	807	988	598

4. The Canadian authorities are of the view that the proposed modification to Schedule V-Canada maintains the general level of tariff concessions. Canada is prepared to enter into negotiations or consultations in accordance with relevant provisions of GATT Article XXVIII.