

Chapter 9

CANADA

QUANTITATIVE RESTRICTIONS

Export Restrictions on Logs

<Outline of the measure>

Since 1906, the Province of British Columbia has limited exports of logs and chips (except for surplus stockpiles) in order to protect domestic industries. In 1986, the Province banned exports of high-quality Douglas fir, spruce and red cedar that do not have the permission of the Provincial Secretary of Forestry, regardless of whether a surplus exists.

<Problems under international rules>

Since the measure may protect the Province's domestic industry under the pretext of forestry resource protection, it is highly likely to be in violation of GATT Article XI. Although the measure is that of a local government, pursuant to Paragraph 12 of GATT Article XXIV, Canada is fully responsible for the observance of all GATT provisions by British Columbia.

<Recent developments>

The export control measures over logs, including this issue, may be a measure to protect the domestic industry under the pretext of forestry resource protection. In 2006, Japan continued to address this issue at the negotiation group for market access of non-agricultural products in the Doha Round.

TARIFFS

High Tariff Products

<Outline of the measure>

Canada's average bound tariff rate for non-agricultural products is 5.3% after the implementation of Uruguay Round commitments, a somewhat higher rate than those of Japan, the United States and the EU. The tariff on glass fibers (maximum 15.5%), clothing (maximum 18%) and ships and tankers (maximum 25%) are an example of high tariffs. The binding ratio for non-agricultural products is 99.7%.

<Problems under international rules>

Higher tariff rates themselves do not, *per se*, conflict with WTO Agreements unless they exceed the bound rates. From the viewpoint of promoting free trade and enhancing economic welfare, however, it is desirable to reduce tariff rates to the lowest possible rate.

<Recent developments>

Market access negotiations in the DDA for non-agricultural products are ongoing and include negotiations on reducing and eliminating tariff rates.