



Ottawa, December 11, 2003

CUSTOMS NOTICE N-551

Intention to Withdraw Entitlement to the General Preferential Tariff From Certain Countries Acceding to the European Union

1. It is the Government's intention to withdraw entitlement to the General Preferential Tariff (GPT) from countries acceding to the European Union, effective May 1, 2004. This customs notice contains excerpts from a Department of Finance notice published in Part I of the Canada Gazette, dated December 6, 2003. (<http://canadagazetteducanada.gc.ca/partI/index-e.html>)
2. The excerpts are set out in the following Appendix.

3. A subsequent notice will be published once the Government has taken a final decision.
4. If you have any questions about this notice, contact the following:

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APPENDIX

Excerpts from the Canada Gazette Part I Notice, dated December 6, 2003

1. This notice informs interested parties that it is the Government's intention to withdraw entitlement to the General Preferential Tariff (GPT) from countries acceding to the European Union, effective May 1, 2004. These countries are Cyprus, Czech Republic, Republic of Estonia, Hungary, Republic of Latvia, Republic of Lithuania, Malta, Poland, Slovak Republic and the Republic of Slovenia ("Accession Countries").
2. The GPT is a preferential tariff treatment for imports from developing countries. The GPT was introduced in 1974 as part of a concerted international effort by developed countries to assist developing countries in expanding their exports and stimulating economic growth. Initially introduced for a period of ten years, it has been extended twice since, in 1984 and 1994.
3. Over the years, it has been the practice in Canada to withdraw entitlement to the GPT from countries acceding to the European Union. This was done largely in recognition that such accession constitutes membership in a highly developed and integrated economic entity, the members of which are not entitled to GPT benefits in Canada. Consequently, Canada withdrew entitlement to

the GPT from Greece in 1981 and Portugal in 1986. On May 1, 2004, the Accession Countries are scheduled to join the European Union. All of the Accession Countries are currently eligible for GPT benefits and it is the Government's intention to withdraw their entitlement to these benefits.

4. Malta and Cyprus have been beneficiaries of the GPT since its inception in 1974. Central and Eastern European economies in transition were added to the list of GPT beneficiaries in the late 1980s and early 1990s. Poland and Hungary were added in 1989 while the Czech Republic and Slovak Republic became GPT beneficiaries in 1991. The Republics of Slovenia, Lithuania, Latvia and Estonia became GPT beneficiaries in 1992. The withdrawal of entitlement to the GPT will result in the levy of duties on imported goods from the Accession Countries in accordance with the MFN Tariff only.

5. Based on average trade from the last three full years of data (2000-2002), annual imports from the Accession Countries affected by the withdrawal of GPT preferences would be around \$100 million. This accounts for only 11.8% of annual total imports from these countries; the remaining 88.2% of imports is already entering Canada under the MFN Tariff. Forecasted additional duties collected as a result of this proposal would amount to around \$4.2 million per year.

6. Furthermore, this withdrawal may also indirectly impact trade from other beneficiaries of the GPT and Least Developed Country Tariff (LDCT) to the extent that it will no longer be possible to use the value of inputs from the Accession Countries in calculating if a product meets the rules of origin requirements to benefit from these preferential tariff treatments.

7. Withdrawal of entitlement to the GPT would be effective May 1, 2004, the scheduled date of accession of the Accession Countries to the European Union.

8. Any comments or requests for further information should be received no later than January 20, 2004 and should be addressed to:

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