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**INTERNATIONAL TRADE &
CUSTOMS UPDATE**

Canada Plans to Eliminate Tariffs on Industry Machinery Imports

The Canadian government announced on September 18 that it plans to eliminate all remaining tariffs on imported machinery and equipment and manufacturing inputs used by Canadian industry. The measure is primarily intended to provide a competitive boost to Canada's manufacturing sector—including Canadian affiliates of U.S. manufacturers—but also benefits U.S. machinery producers exporting to Canada.

It is estimated that the duty elimination will save companies between \$250 million and \$300 million. The decision highlights the Canadian government's stated policy to improve the competitiveness of its manufacturers, including automotive parts makers, sawmills, printers and other companies importing machine tools.

It is the Canadian government's second measure this year aimed at eliminating import duties. The first, implemented in the government's January budget, lowered import duties on certain goods used as inputs by manufacturers in the energy, food processing and forestry sectors. At the time, the Canadian government estimated the move would reduce business costs by about \$440 million over five years.

The Canadian government has invited interested parties to submit, by November 6, their views and recommendations regarding this planned duty elimination. Parties' views are sought on the timeframe over which the current rates of duty should be eliminated, up to a period of five years, as well as reasons for support or concern with regard to the proposed measure.

FOR MORE INFORMATION

Please contact **Julia M. McCalmon** or any member of our **International Trade & Customs** practice group for more information about the covered products or with any questions regarding this measure.

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