

More Tariff Reductions Coming in Canada as Promised in the 2016 Budget

March 24, 2016

Today, the Canadian Government tabled the [2016 Budget](#). Hidden in the middle of the long document is the following statement about tariff reductions:

“Supporting Manufacturers Through Tariff Relief

Canadian manufacturers need a wide range of inputs to produce their high-quality products. Some of these manufacturing inputs are imported and may face tariffs when entering Canada. Such tariffs are a non-recoverable charge that increases the production costs of Canadian manufacturers, affecting their competitiveness at home and abroad. It has been a longstanding practice to eliminate such tariffs to support Canadian manufacturing.

Budget 2016 announces that the Government will eliminate tariffs on about a dozen manufacturing inputs, providing an estimated \$9 million in tariff savings over the next five years to Canadian manufacturers in the consumer goods and transportation sectors.

Budget 2016 also announces the Government’s intention to launch public consultations on eliminating tariffs on food manufacturing ingredients other than supply-managed products. These ingredients are primarily used in the agri-food processing industry, Canada’s largest manufacturing employer and an important contributor to Canada’s economy. Eliminating tariffs on imported ingredients will support investment and job creation in this important sector by strengthening the competitiveness of Canadian agri-food processors in domestic and foreign markets.”

I am still looking for the proposed changes to the *Customs Tariff* identifying and reducing the dozen manufacturing inputs. I will let you know if I find it.

More important is the note about upcoming consultations about eliminating tariffs of food manufacturing ingredients. For example, the tariffs on corn can be reduced so that Canadian manufacturers of high-fructose corn syrup can import corn duty-free. It is important for food manufacturing companies to identify ingredients that are imported and where they can benefit from the elimination of unrecoverable tariffs. Canadian jobs could be created if Canadian manufacturers do not have to pay unrecoverable tariffs on imported goods. This is an important opportunity – not to be missed. Canadian food manufacturers should talk to the Canadian Government when consultations are launched. Before the consultation process begins, it may be wise to prepare a proposal to justify tariff elimination requests.



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