



W.G. McKay Limited Since 1914

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GENERAL PREFERENTIAL TARIFF (GPT) AND LEAST DEVELOPED COUNTRY TARIFF (LDCT)

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The following is a brief description of the General Preferential and Least Developed Country Tariffs how they affect commercial imports into Canada.

During the 1970s, most industrialized countries instituted tariff preferences (referred to as the Generalized System of Tariff Preferences or GSP) for developing countries to encourage their economic growth through increased trade. On July 1, 1974, Canada introduced its version of the GSP called the General Preferential Tariff (GPT). These duty rates do not apply to most textiles or agricultural products, but do apply to most other items, often at a rate of two thirds of the MFN rate or lower.

Developing countries defined by the United Nations to be "least developed" benefit from duty-free access to the Canadian market for some products. This duty-free treatment offers Least Developed Countries (LDCs) a distinct preferential tariff known as the Least Developed Country Tariff (LDCT) within Canada's Customs Tariff schedule. Products that are excluded from the LDCT include refined sugar, baby carrots, manufactured tobacco substitutes, most textiles, apparel, and footwear. Canada also maintains tariff rate quotas (TRQs) for certain agricultural products.

Countries eligible for the LDCT are Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Solomon Islands, Somalia, Sudan, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen, and Zambia. Consideration is being given to extending the LDCT to Senegal. Burma is not eligible for either the GPT or the LDCT for political reasons.



EXTRACT OF THE RULES OF ORIGIN RESPECTING THE GENERAL
PREFERENTIAL TARIFF
MEMORANDUM D11-4-4:

REGULATIONS

ORIGIN OF GOODS

2. (1) A good originates in a beneficiary country or a least developed country if the good is
- (a) a mineral good extracted from the soil or the sea-bed of the country;
 - (b) a vegetable good harvested in the country;
 - (c) a live animal born and raised in the country;
 - (d) a good obtained in the country from a live animal;
 - (e) a good obtained from hunting or fishing in the country;
 - (f) a good derived from sea fishing or other marine goods taken from the sea by a vessel of the country;
 - (g) a good produced on board a factory ship of the country exclusively from a good referred to in paragraph (f);
 - (h) waste and scrap derived from manufacturing operations of the country;
 - (i) used goods of the country imported into Canada for use only for the recovery of raw materials; or
 - (j) a good produced in the country exclusively from a good referred to in any of paragraphs (a) to (h).
- (2) Goods originate in a beneficiary country if the value of the materials, parts or products originating outside that country, or in an undetermined location, and used in the manufacture or production of the goods is no more than 40% of the ex-factory price of the goods as packed for shipment to Canada.

DIRECT SHIPMENT

4. (1) Goods are entitled to the General Preferential Tariff only if the goods are shipped directly to Canada, with or without transshipment, from a beneficiary country.

COMMENTARY

ORIGIN REQUIREMENT

To qualify for the treatment, at least 60% of the ex-factory price of the goods packed for shipment directly to Canada must originate in one or more beneficiary countries (or originate in Canada).

CERTIFICATION

Original Certificates of Origin Form 'A' are no longer required. They may still be used, however, but need not be original. A written, signed statement replaces the Certificate.



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SAMPLE EXPORTER'S STATEMENT OF ORIGIN

To be included on CCI or commercial invoice or separate sheet



I certify that the goods described in this invoice or in the attached invoice # _____ were produced in the beneficiary country of _____ and that at least ___ percent of the ex-factory price of the goods originates in the beneficiary country/countries of _____.

Name and Title

Corporation name and address

Telephone and fax numbers

Signature and date (day/month/year)