

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee
Sub-Committee on Non-Tariff Barriers

NON-TARIFF BARRIERS

Submission by the Canadian Delegation

1. The ministerial Resolution of 21 May 1963, instructed the Trade Negotiations Committee, in elaborating the Trade Negotiating Plan, to deal inter alia with "the rules to govern and the methods to be employed in the treatment of non-tariff barriers". In turn, the Trade Negotiations Committee assigned to the Sub-Committee on Non-Tariff Barriers the responsibility for preparing recommendations on this subject.
2. At its November meeting, the Trade Negotiations Committee invited participating governments to submit further proposals regarding the particular non-tariff barriers which they would wish to see included in the Sub-Committee's consideration. The Canadian delegation was strongly of the view that the Sub-Committee should take into account as extensive a range of non-tariff barriers as feasible, and relating to all classes of goods, both industrial and non-industrial. It was agreed that any listing of these proposals would not be considered as exclusive or final.
3. There are a number of broad areas which Canada considers should be covered in the Sub-Committee's work. The first relates to the systems of imports on imported goods, other than the customs tariff itself. This includes measures such as variable levies, sluice gates pricing systems, minimum price schemes and internal taxes in addition to those already identified. The question of subsidies which creates impediments to trade might be included in this category or treated separately.
4. These matters ought to be considered, of course, in the context of a careful exam of valuation systems as part of a study of so-called para-tariff measures. Such valuation systems provide in many cases the base for the calculation of tariffs and other imposts and in the case of variable levy systems directly determine the changes imposed. This is particularly important in view of the different methods of valuation used and their differing impact on trade. Canada will wish the Sub-Committee to include in its exam the implications of valuations systems which are on a c.i.f. basis.

5. Another general category might be described as Administration and Technical Regulations which have the effect of hindering trade. Customs administration and formalities might fall into this category, covering such problems as delays in obtaining binding classification rulings or in liquidating import entries. Excessive requirements for customs documentation, onerous penalties for errors in documentation, and excessive fees for consular services in trade matters might also be included. Such measures as food and drug regulations and other health and sanitary measures might also form part of this category, as would quality standards, and marking and labelling regulations.
6. A further classification might be that concerned with government procurement policies and State-trading practices. Administration regulations regarding tendering and other government procurement regulations which hamper participation by foreign suppliers might be part of this category, and also questions relating to the operation of trading monopolies.
7. Quantitative restrictions could form another general category. Within it problems relating to discriminatory restrictions, mixing regulations, and the operation of bilateral quotas within import licencing schemes should be included.
8. Canadian authorities also have in mind the fact that there are other important kinds of non-tariff barriers to trade which may not be represented by government regulations per se, and the impact of which is particularly difficult to measure. An important example is the so-called "administrative guidance", that is, the exercise of informal administrative authority, not necessarily related to any specific legislation, which can influence trade. Another important example is the influence which business firms can exert over the export activities of subsidiary companies located in other countries.
9. In examining these matters we will need to take into account the nature of the specific non-tariff barriers to be considered, their relation to the provisions of the General Agreement and their trade impact.
10. In devising specific procedures for undertaking the responsibilities assigned to the Sub-Committee in recommending the rules to govern and the methods to be employed in the treatment of non-tariff barriers, Canada would be ready to accept any proposals which would satisfy the above objectives and considerations.
11. The Canadian authorities agree with the view that it would be impracticable to lay down any generally applicable and precise rules for the treatment of non-tariff barriers in the negotiations. Nevertheless, participating countries will need to take account of such barriers on all classes of goods and of

progress made in eliminating them, in order to assess the overall balance of advantage which would emerge at the end of the negotiations. To this end, the Canadian authorities attach great importance to the need for the Sub-Committee to come forward with recommendations on agreed guide lines and methods which could assist participating countries in evaluating and dealing with non-tariff barriers at the forthcoming negotiating conference. This would, of course, be without prejudice to the right of all negotiating countries to discuss any of these questions bilaterally and in the final analysis to make their own assessment of the impact on the balance of advantage in the negotiation of any change in such barriers.

12. It is possible that some of the non-tariff barriers proposed by participating governments do not readily lend themselves to categorization. Canada would be prepared to leave such cases in abeyance for the time being.