

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

Multilateral Trade Negotiations  
Group "Sector Approach"

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French

PROPOSED BASIS FOR NEGOTIATIONS IN CERTAIN  
RESOURCE-BASED SECTORS

Statement by the Canadian Government

1. Ministers agreed in the Tokyo Declaration that:
  - (a) "Participants shall jointly endeavour in the negotiations to achieve, by appropriate methods, an overall balance of advantage at the highest possible level";
  - (b) "The negotiations should aim, inter alia, to ... include an examination of the possibilities for the co-ordinated reduction or elimination of all barriers to trade in selected sectors as a complementary technique";
  - (c) "The negotiations shall be considered as one undertaking, the various elements of which shall move forward together".
2. The Canadian capacity to achieve overall reciprocity in the negotiations will depend to an important extent on the elimination or substantial reduction of many numerically low tariffs which now face some ninety per cent of Canada's dutiable industrial exports to the markets of the other main participants. It will also depend, inter alia, on the degree of success achieved in eliminating, reducing and bringing certain non-tariff measures under more effective control and on the willingness of other participants to meet Canada's objective of a greater liberalization of tariff and non-tariff barriers in the key resource-based sectors of Canada's export trade (non-ferrous metals and forest products).
3. In the Canadian view, the objective of sector negotiations should be to liberalize trade in a range of resource-based products, to reduce the trade-distorting effects of such restrictive measures as cannot be removed and to bring such measures under more effective international discipline. In order to ensure that the liberalization of trade thus achieved is not impaired, there should be rights and obligations additional to those now in the GATT relating to impairment, surveillance and dispute Settlement.

4. The results of these negotiations would complement the liberalization of trade being sought elsewhere in the MTN; they would, in fact, be expected to go further than would the general solutions. The Canadian Government does not exclude the possibility that progress towards the achievement of its sectoral objectives with respect to non-tariff measures and enforcement may be accomplished in the general negotiations.

5. Particular attention should be given in these sector negotiations to the important interests which are involved for developing countries.

6. The Canadian Government envisages that sector negotiations would apply to raw, semi-processed and certain processed products in the non-ferrous metals and forest product sectors. The precise product coverage would be subject to negotiation.

7. The essential elements for sector negotiations should include:

#### Tariffs

Greater tariff reductions and a greater measure of tariff harmonization than called for under the general working hypothesis for the reduction of industrial tariffs.

#### Staging of tariff reductions

In order to meet the adjustment problems of some producers, the agreed reductions of MFN duties might be implemented over a period longer than that envisaged under the general rules for staging.

#### Export measures

Certain participants have indicated an interest in the issue of supply. Canada is prepared to consider this issue in the context of sector negotiations which provide for substantial liberalization of trade. In such negotiations Canada would be prepared to examine rights and obligations additional to those now in the GATT regarding security of supplies in these sectors. The sectoral negotiations could address, for example, provisions:

- establishing the purposes for and the conditions under which export restrictions might or might not be used;
- relating to the binding of export taxes and the circumstances surrounding their use.

#### Emergency action

Emergency action affecting trade in products to be covered by sector negotiations can have serious effects on the economies of certain countries and on the availability of supplies of such products. The development of additional rights and obligations should therefore be considered, designed to avoid, limit or control recourse to emergency action affecting the trade in these products.

#### Government procurement

To the extent that government procurement accounts for a significant part of the consumption of certain resource-based products, consideration should be given to provisions which would ensure that procurement laws, regulations, procedures and practices of public entities are based on non-discrimination between foreign products or suppliers and domestic products or suppliers.

#### Export subsidies and domestic subsidies

Consideration should be given to detailed and specific rules with respect to subsidies and countervailing measures for trade in these sectors, to the extent that an adequate framework of rules and obligations is not arrived at in the general negotiations.

#### Restrictive business practices

Sector negotiations might address provisions regarding restrictive business practices relevant to trade in these sectors.

#### Consultations, nullification and impairment

Sector negotiations should address the need for additional institutional machinery and arrangements to ensure that the agreed liberalization of trade is preserved. Account should be taken in this regard of progress in these matters in the general negotiations. Provision might also be made for an annual review of the trade and outlook in the sectors and of the operation of arrangements flowing from the sector negotiations.