

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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CANADIAN PARTICIPATION IN THE NEGOTIATIONS OF INDUSTRIAL TARIFFS

Statement by the Canadian Government

The Tokyo Declaration, which governs these negotiations, provides inter alia that:

- "The negotiations shall aim to achieve the expansion and ever greater liberalization of world trade ... objectives which can be achieved, inter alia, through the progressive dismantling of obstacles to trade ..."
- "Co-ordinated efforts shall be made to solve in an equitable way the trade problems of all participating countries, taking into account the specific trade problems of the developing countries ..."
- "The negotiations should aim, inter alia, to conduct negotiations on tariffs by employment of appropriate formulae of as general application as possible ..."
- "The negotiations shall be conducted on the basis of the principles of mutual advantage, mutual commitment and overall reciprocity, while observing the m.f.n. clause, and consistently with the provisions of the general agreement relating to such negotiations."
- "Participants shall jointly endeavour in the negotiations to achieve, by appropriate methods, an overall balance of advantage at the highest possible level ..."
- "The negotiations shall be considered as one undertaking, the various elements of which shall move forward together."

The basis for tariff negotiations on industrial products

The Canadian Government has noted that a number of major participants have indicated their intention, subject to the achievement of overall reciprocity, to enter the negotiations on a basis which includes as elements:

1. A working hypothesis having as its objective the reduction of industrial tariffs by a proposed weighted average of 40 per cent;
2. The reduction of numerically higher rates by proportionately more than lower rates;
3. Provision for greater-than-hypothesis reductions;
4. Provision for less-than-hypothesis reductions or complete exceptions but such exceptions to be kept to a minimum;
5. Provision for the phasing-in of such tariff reductions over a period of at least eight years, the first reduction being made only after all major participants have implemented undertakings with respect to the main non-tariff measures; and
6. The elaboration of provisions for special and differential treatment for developing countries.

The scope for Canadian participation in the industrial tariff negotiations on the basis of the elements indicated above, and Canada's ability to achieve reciprocity, will depend upon a number of considerations:

1. The willingness of other major participants also to enter the negotiations on the basis of the above elements;
2. The elimination or substantial reduction of many numerically low tariffs which face some 90 per cent of Canadian dutiable industrial exports to the markets of the other main participants;
3. The degree of success achieved in eliminating, reducing and bringing under effective control certain non-tariff measures, 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);
4. Reciprocity from developed countries which will not be participating under the working hypothesis, as well as from those which are participating on that basis, and from non-market economy countries. Appropriate contributions in terms of access to their markets from the developing countries other than the least developed;
5. Full account being taken of the differential impact of tariff reductions on participants who value imports for duty on an f.o.b. rather than a c.i.f. basis;

6. Arrangements to assist adjustment to a more liberal trading environment and agreement on appropriate measures to facilitate the implementation of trade concessions, including the phasing-in process with respect to both tariffs and other trade measures.

The Canadian Government is prepared to enter the tariff negotiations with respect to industrial products on the basis of the above elements and considerations and the provisions of Article XXVIII bis. These together constitute the basis and define the potential scope of Canadian participation, subject to achievement of reciprocity in the multilateral trade negotiations as a whole.

The Canadian Government will be negotiating on the basis of Canadian tariff rates bound in GATT or, for products not covered by items bound in GATT, the permanent statutory rates.

Resource-based sectors of trade

The Canadian Government would expect all participants to take full account of the interests of those countries, such as Canada, whose export interests are limited in number and are concentrated in certain resource-based sectors. To this end, it should be one of the objectives of participants, to be attained through complementary negotiations as necessary, to achieve the maximum degree of liberalization in such sectors through inter alia:

1. Tariff reductions and tariff harmonization greater than called for under the working hypothesis;
2. The reduction or elimination of non-tariff measures or, where this is not appropriate, the reduction or elimination of their trade restricting or distorting effects, and the bringing of such measures under more effective international discipline; and
3. Institutional machinery and provisions to ensure that the liberalization of trade achieved in the MTN is appropriately preserved.

Low duties

The great majority of Canadian dutiable industrial exports, or potential industrial exports, to the markets of other participants enter at numerically low rates. However, these rates are often high in terms of effective protection and have a decisive effect on trade and production. Accordingly, Canada will be seeking substantial reductions in a number of such tariff rates, and indeed the elimination of many of them.

Interests of developing countries

The Canadian Government agrees that there is scope for the application of special and appropriate differential measures in favour of developing countries. For example, in response to detailed product requests, it should be possible to consider:

1. Greater reductions than called for under the tariff working hypothesis;
2. Special efforts to offer some tariff reductions on items on which full reductions under the hypothesis are not possible;
3. The keeping of exceptions covering products of interest to developing countries to a minimum;
4. The phasing-in of agreed tariff reductions over less than the eight-year period envisaged;
5. Modification of tariff product descriptions to permit application of the above measures should this not be possible under existing tariff nomenclature.