

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Preparatory Committee for Trade Negotiations

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Reciprocity of benefit and mutual advantage

The Canadian delegation considers that the basic principles underlying the negotiations for which this Committee is preparing are those of reciprocity of benefit and of mutual advantage.

With respect to developing countries, the negotiations should yield additional benefits such as to achieve a substantial increase in their foreign exchange earnings and an accelerated rate of growth in their economies. Full reciprocity should not be expected from the developing countries participating in the negotiations, although there should be some contribution by certain developing countries.

In the Canadian view, these negotiations should at the end of the day have dealt adequately and in a balanced way with the problems of trade in both industrial and agricultural products, and should have brought about meaningful reductions in the incidence of non-tariff barriers, as well as tariff barriers to trade. More specifically, the Canadian authorities consider that the following elements should be encompassed in the negotiations and their outcome.

Tariffs on industrial products

It is important that each government and entity participating in the negotiations have legal authority to negotiate any individual tariff rate to zero. The Canadian Government has such authority, embodied in an Act of Parliament. Such authority provides the maximum scope for meaningful negotiations.

Sector negotiations

The Tokyo declaration should provide for the possibility of negotiating freer trade in selected industrial and agricultural sectors, i.e. arrangements covering or taking account of all important trade restrictions affecting trade in the products of a particular sector. The Canadian authorities have submitted to the secretariat a paper on this negotiating approach.

Agriculture

The negotiations should deal with reductions in the various governmental measures which distort international trade in agriculture, including those domestic income and production policies which interfere with trade, as well as both import barriers and export subsidies. The objective in the negotiations should be the achievement, over time, of a freer play of market forces and a greater rôle for comparative advantage in the international market.

Subsidies

Improved rules should be negotiated with respect to subsidies, whether they serve to stimulate exports or to replace imports. The negotiations should cover all trade-distorting subsidies, not just those subsidies which are related to exports.

Anti-dumping and countervailing duties

There is an obvious need to negotiate new rules governing the application of countervailing duties, and to obtain agreement on the part of the major trading powers that neither countervailing duties nor anti-dumping duties will be applied unless a meaningful test of material injury has been met. This will require revision of Article 3 of the Anti-Dumping Code, and agreement on a code on the application of countervailing duties.

Quantitative restrictions and import licensing

There should be a detailed scrutiny of all remaining quantitative restrictions (QR's) and import licensing systems with the objective of getting those countries which maintain illegal measures to dismantle them on a fixed time-table and without expecting payment for doing so. There are other such measures which are legal in GATT terms, in the sense that they are covered by some aspect of the GATT, which should also be scrutinized and, if appropriate, brought into the negotiation.

Product standards

The general framework should provide for the negotiation of a code on product standards, along the lines already developed in the preparatory work.

Safeguards

Recalling preliminary discussions about an integrated system of safeguards covering limits on escape clause action and the need to ensure reasonable security of access, some contracting parties may wish to review the operation of the present safeguard provisions of the General Agreement and perhaps to consider inter alia the addition of an interpretative note to Article XIX. It would be important in this context to ensure that any measures for multilateral surveillance of safeguard action be designed to be as effective in relation to the larger economic powers, as to smaller countries.

Developing countries

In addition, it is the view of the Canadian authorities that in their consideration of the foregoing elements, the contracting parties should provide for the full use of the negotiations by developing countries in order that the latter will derive maximum benefit from their participation.

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This listing is not intended to be exhaustive, but only to provide the other contracting parties with an indication of what, in the Canadian view, should be encompassed by the negotiations.