

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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STATEMENT BY AMBASSADOR J.H. WARREN
ON THE RESULTS OF THE
HIGH LEVEL MULTILATERAL TRADE NEGOTIATIONS
MEETING IN GENEVA

Canada has made reasonable progress over the past few days of the negotiations.

Understandings have been reached by the main participants in a number of important areas. What has so far evolved should provide a reasonable basis for completion of the negotiations over the balance of the year.

Canada's objectives in these trade negotiations are designed to facilitate the improvement of Canadian economic performance. This applies not only to our industrial production but also to the maintenance and development of healthy agricultural and fisheries sectors. Attainment of these objectives has been advanced through the understandings reached today.

(a) Industrial tariff negotiations

There is now in prospect a major opening up of foreign markets for Canadian manufactured and other industrial goods including improved access for the products of resource-based sectors. These improved trading opportunities will increase the profitability of existing exports and provide greater opportunities for sales of upgraded and manufactured products. The final details of these negotiations affecting Canadian and foreign tariffs on industrial goods are to be worked out in the Fall.

Canada is looking for a settlement that achieves maximum results on a balanced and reciprocal basis. A substantial agreement with the United States which would accommodate most Canadian objectives is within sight. Such an agreement would lead to elimination or substantial reduction of many US tariffs facing a wide range of Canadian goods. Japan has improved its initial offer but further improvements will be necessary. The value of the EEC offer has been significantly affected by Community adjustments. A number of these are on items of importance to Canada. Restoration of these items as well as specific further improvements in the EEC offer will be necessary if maximum and balanced results are to be achieved.

Within the context of the industrial tariff negotiations, substantial progress should be possible in the achievement of Canada's objectives with respect to greater access for the upgraded products of our forest and non-ferrous metals sectors. Canada's interest is to obtain maximum liberalization of trade in these sectors covering both tariff and non-tariff barriers. Canada has indicated that subject to the achievement of its export objectives in resource sectors consideration could be given to the interest expressed by a number of participants about the GATT rules on the use of export control measures.

b) Agriculture

Intensive discussions among the main participants have not yet resulted in a mutually satisfactory framework for an agricultural agreement.

Canada has been seeking a substantial reduction of tariff and non-tariff barriers for a wide range of agricultural products particularly in Europe and Japan. While some concessions have been offered they are not considered adequate and improvements are being sought particularly from the EEC with respect to grains. Progress has been made in the discussions of the dairy and meat sub-groups. They have been considering ways of improving international consultation and cooperation to provide a better basis for expanded trade under more stable conditions.

There are good prospects for a mutually beneficial negotiation with the U.S. which will improve market opportunities there and contribute to the further strengthening of Canadian agriculture. The mutual concessions which are in prospect are complementary to the interests of the two countries and promise greater harmonization of North American agricultural tariffs than has been the case in the past. A separate but related issue is the renegotiation that is being conducted on Canadian tariffs on horticultural products.

An arrangement to replace the International Wheat Agreement is being negotiated under the auspices of UNCTAD. Considerable progress has been made towards developing mechanisms for greater stability in the world wheat market. A possible arrangement on coarse grains is also being discussed. Despite some differences, discussions to date indicate that common ground can be found and a resumed U.N. Conference is in prospect for the Fall.

c) Fisheries

Greater access to foreign markets for fish and fish products has been an important Canadian objective in the MTN negotiations. There are prospects for gains in the United States market. Canada is working to secure further improvements in access to the US and other markets, particularly the EC and Japan, as the negotiations proceed.

The Trading Framework

A great deal of progress has been made in updating the GATT trading rules and in developing new arrangements to contain or remove the trade inhibitive effects of non-tariff measures. These include:-

i) Safeguards

Temporary safeguard measures can be taken under Article XIX of the GATT to deal with serious injury or threat of injury to domestic producers resulting from increased imports. Substantial clarifications and improvements are being worked out with respect to the criteria for such actions, the response permitted, and the procedures for international surveillance and the settlement of disputes arising from their application. The objective is to ensure that countries are able to act quickly and effectively but not arbitrarily or unreasonably. The possibility of "selective" application of safeguards under rigorously controlled conditions has been envisaged. This would be an exception from the generally accepted interpretation of the rule under which emergency import restrictions must be applied against imports from all countries on a nondiscriminatory basis. Canadian negotiators are confident that what

is envisaged with respect to the application of Article XIX will satisfy both its import and export interests.

ii) Subsidies and Countervailing Duties

An important outcome of the negotiations is the prospect that the United States will bring its countervailing legislation into line with the General Agreement on Tariffs and Trade. Under the present US law, countervailing duties can be applied to offset subsidized competition from imports of dutiable products whether or not there is material injury or threat of injury to American producers. This has been an important problem in our trade with the United States.

In addition, greater clarity and certainty has been given to the GATT rules designed to limit the use of subsidies in international trade. The envisaged restraint on the use of subsidies would not affect the freedom of governments to employ subsidies for domestic development purposes. Exports benefiting from such domestic subsidies would be free to enter foreign markets without countervailing duties unless they caused or threaten material injury. This is important for Canada particularly vis-à-vis the United States.

iii) Technical Barriers

Technical regulations, standards, test methods and certification systems can often inadvertently create obstacles to trade from one country to another. A new code is envisaged, designed to eliminate these effects so far as possible and to provide for greater consistency in the use of standards.

iv) Government Procurement

Efforts are being made to broaden the area of international competition with respect to purchases by governments. A code is being developed to permit foreign suppliers to compete on the same basis as domestic suppliers for purchases by certain government entities. Negotiations with respect to the rules, including the question of "transparency", that is, information to be made available on actual procurements, are well advanced and the discussions will now focus on the entities to be covered by the code. The extent to which Canada would be prepared to contemplate opening up its government procurement markets will depend mainly on the benefits Canada could expect from the opening up of the markets of other participants. This of course is true for other countries as well.

v) Dispute Settlement

Canada attaches importance to improved dispute settlement procedures in the GATT so as to provide for the efficient and timely resolution of trade disputes.

vi) Customs Valuation

Canada has not taken part in the negotiations looking towards a code on customs valuation but has been exploring as a technical matter whether particular Canadian interests could be accommodated. The Community, the United States and Japan are considering a code on valuation which would call for the valuing of goods for assessing import

duties normally on the basis of "transaction" price. Existing Canadian law is based on a different concept, that of "fair market value in the country of origin".

Developing Countries

Canada intends to play a full part in ensuring that the MTN negotiations encompass the interests of both developed and developing countries and will continue to work with developing countries to this end. It has supported the concept of special and appropriate differential measures to provide more satisfactory and secure access for developing country goods and to strengthen their domestic economies. Canada looks to closer relations and expanding trade with developing countries in the years ahead. Canada also expects the more advanced developing countries to offer contributions of their own in the current negotiations and progressively to assume full GATT obligations.