brought under international rules, but they remain sensitive to various domestic pressures which are likely to affect Canadian trade interests. This sensitivity is particularly acute now given the spate of reciprocity legislation being considered by Congress and the generally protectionist mood south of the border in reaction to the economic downturn.

Canadian access to Japan and the EC is not as open as that to the United States, although the tariff structures of these three large trading units do not differ very significantly overall. Canadian export interests in Japan and Europe are much more heavily concentrated in resource-based sectors; but, in these areas, the import regimes are relatively more restrictive than in the USA, and in the case of the EC there exist broad preferential arrangements providing better access for some developing countries, particularly for resources in their more processed forms. The markets of developing countries offer substantial opportunities to supply their import needs, although competitive access is not fully guaranteed by commitments under international agreements. As a result of special bilateral arrangements, the markets of Australia and New Zealand should continue to provide stable access conditions.

Improving access to markets will in the first instance require continuous and vigorous participation in the GATT work programme established at the GATT Ministerial meeting. As discussed below, the work programme offers many opportunities to improve the predictability, stability, and openness of world markets. These multilateral efforts can be supplemented by bilateral initiatives, including sectoral arrangements with the USA. Government can assist by providing a vigorous defense against unwarranted protectionist measures which erode the access gained and paid for over the years. Finally, efforts by Canadian business should clearly concentrate on markets with identifiable potential. Businessmen will always use their resources where they can make the most gains and government should support this natural tendency. Consistency of policy will assist them to develop a healthy balance between short and long term interests.

b) *Protecting an Adjusting Economy*

Canada traditionally had a relatively high tariff, reflecting the needs of domestic industry. However, the large number of special provisions in the Customs Tariff providing duty-free treatment responding to the interests of various industrial users, consumers and regions have resulted in duty-free treatment for over half of the imports entering Canada. Meanwhile, Canadian tariffs have been reduced significantly due to the cumulative results of the various rounds of GATT negotiations, and are now less central instruments of commercial policy. When the reductions negotiated in the Tokyo Round have been fully implemented, the average level of tariffs on dutiable imports will be between 9 and 10 percent, but in some sectors such as textiles, clothing, footwear and ships the tariff will continue to exceed 20 percent. Taking into account duty-free imports the overall incidence of the tariff will be in the 4 to 5 percent range. Canada will thus continue to have some tariff protection to promote viable production and to serve as a bargaining instrument to facilitate the negotiation of improved access to foreign markets for Canadian exports.