

### Market Access Problems

**Metal Mining and Primary Metals:** With the exception of uranium, Canada's share of world metal markets has declined over the past 15 years. Most of the decline can be attributed to an expansion of mining in Third World countries but there are other factors as well, including slower growth rates in metal demand and, since the 1982 recession, a reluctance of state-owned enterprises in the Socialist and Third World countries to scale down output schedules in the face of worldwide excess supply, protectionist (particularly in the U.S.A.) or trade diversionary tactics adopted by some of Canada's trading partners, and appreciation of the Canadian dollar vis à vis most other currencies.

Market access problems fall into three broad categories: tariffs (both nominal levels and tariff escalation), non-tariff measures (NTMs), and tariff preferences or trading blocs.

Iron ore, uranium and most nonferrous metal ores and concentrates have for years enjoyed duty free entry into most developed countries, with the exception of lead, molybdenum, tungsten, zinc and some other metal bearing ores into the U.S.A. For Canada, the U.S. tariffs on molybdenum and tungsten concentrates pose a problem.

For unwrought metals, tariffs range generally from zero to 10 per cent for developed country markets (with a few exceptions such as a 19 per cent tariff on zinc alloys into the U.S.A.) and as high as 50 per cent for some developing countries. Even a relatively low tariff can be a prohibitive trade barrier. In zinc, for example, the EC allows duty free entry for zinc concentrates and applies a 3.5 per cent duty on refined zinc, which translates into a 9 per cent effective tariff protection for EC zinc smelters and refiners. For the ferroalloys and steel additive intermediate compounds, tariffs range generally from zero to 10 per cent for developed country markets:

NTMs include quotas, Buy American restrictions, frequent U.S. Trade Act Section 201, 232 and 332 investigations, subsidies and countervail actions, marks of origin requirements for the U.S.A., environmental and health regulations, customs classification, import licensing, port taxes, surcharges, and prior deposits on goods to be imported.

U.S. restrictions on uranium enrichment in the 1960s amounted to an effective import embargo for almost 10 years thereby causing several billion dollars of trade damage to Canadian exporters. Although the restriction was phased out by 1984, there is renewed pressure in the U.S. for import curbs on uranium and indeed legislation is currently in place that could cause imports to be curtailed when they exceed 37.5 per cent of U.S. requirements.

Preferential tariff access takes three forms - the GSP, Article XXIV arrangements such as between the EC and CFTA countries, and trading blocs such as the expanded European Community and Latin American Integration Association. With respect to the GSP, it is generally recognized that this mechanism has not been a satisfactory means to foster