



members, particularly developing countries and the least developed among them. Canada has been recognized in the WTO for being a leader on trade and development issues, due largely to our tireless efforts in the coordination of trade-related technical assistance and our recently announced market access initiative for Least Developed Countries (LDCs), which opens Canada's markets by eliminating tariffs and quotas on most imports from 48 LDCs, 29 of which are WTO members.

The Government continues to believe strongly that the new round of WTO negotiations, and trade liberalization in general, are positive developments for all Canadians. The findings in the Standing Committee's Report highlight some of the challenges Canada faces, and are a positive contribution to assisting us in developing an approach to these negotiations that is consistent with, and reflective of, Canadians' views.

INDUSTRIAL TARIFFS

Recommendation 1

"That the Government of Canada work aggressively within the WTO to achieve measurable progress towards the reduction and/or elimination of remaining industrial tariffs."

The Government agrees with the recommendation and, in the context of the current WTO negotiations, is committed to seeking the reduction or elimination of significant tariff barriers which remain in numerous markets of interest to Canadian exporters. In pursuit of this objective, Canada actively participates in detailed discussions in the WTO on the question of the possible methods, or "modalities" to be used in the negotiations. Past experience has shown that to reach a substantial and balanced result, tariff reductions are best achieved through a number of approaches. These can include: sectoral agreements in which participating Members agree either to eliminate tariffs ("zero-for-zero" agreements) or to harmonize them; formula (percentage) cuts; and the "request/offer" process. The Government strongly favours expanded participation in the existing sectoral duty-free and tariff harmonization agreements, especially by the middle- and upper-income developing countries. We also intend to propose duty-free agreements in additional sectors of interest to Canada, with the widest possible participation by WTO Members. Any further cuts in Canadian tariff rates should be accompanied by concrete, significant improvements in the levels of access to our priority markets. Canada's main export-related objectives for tariffs include:

1. reducing and binding applied tariff levels;
2. reducing and re-binding high bound rates;
3. expanding the scope of duty free trade;
4. expanding the scope of tariff bindings by WTO Members;
5. eliminating nuisance tariffs (e.g. those less than 2%); and
6. maximizing the use of ad valorem (i.e. percentage) tariff rates.

