

## Improving Access for Trade in Goods

### Non-agricultural Goods

At the WTO meeting in November 2001, ministers agreed that the new negotiations would include the goal of reducing or eliminating tariffs and would encompass the reduction or elimination of tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers.

Although significant tariff liberalization has taken place as a result of past international trade negotiations, one of Canada's main objectives will be to address important tariff barriers that remain in many markets and sectors of export interest. For example, post-Uruguay Round most-favoured-nation (MFN) bound tariff rate averages for non-agricultural products include the following: India, 59%; Turkey, 41%; Indonesia, 39%; Colombia, 36%; Venezuela, 34%; Romania, 34%; Argentina, 31%; Brazil, 30%; Thailand, 28%; and Philippines, 25%. (Quad figures are Canada, 5.3%; European Union, 4.1%; Japan, 3.6%; and United States, 3.8%.)

"Non-agricultural products" comprise the full range of industrial goods, including forest and fisheries products. Canada's position is that market access negotiations on industrial tariffs should be comprehensive, so as to provide an opportunity for improved market access on the broadest front possible. In this regard, Canada's main objectives will include (1) reducing and binding applied tariff levels; (2) reducing high bound rates and re-binding them at lower rates; (3) expanding the scope of tariff bindings for WTO members; (4) eliminating nuisance tariffs (e.g. those less than 2%); and (5) maximizing the use of *ad valorem* (i.e. percentage) rates.

These negotiations should take into account the interests of all WTO members. As for the modalities of the negotiation, tariff reductions might best be achieved through a number of approaches including sectoral agreements, requests and offers, and "formula" cuts (e.g. overall percentage cuts, within which other levels of reductions could be agreed on for specific products).

A few examples of sectors of prime export interest to Canada are non-ferrous metals, chemicals, fertilizers, forest products, fisheries products and environmental products. In addition, in the electronics sector, Canada favours the conclusion of the second expansion of product coverage under the Information Technology Agreement (ITA II); we also support broader participation in the other existing sectoral agreements, especially by the newly industrialized countries.

On non-tariff measures (NTMs), Canadian objectives include further efforts to reduce and/or remove existing trade-distorting NTMs and to discourage and prevent the implementation of new ones. This could be done by augmenting and improving existing rules, developing additional disciplines, or negotiating specific measures on a case-by-case basis. Our overriding objective would be to establish or improve rules and disciplines that curtail inappropriate barriers and complement the trade facilitation agenda, while allowing governments to apply legitimate measures in support of valid objectives (i.e. protecting human, animal and plant life or health) in the least trade-restrictive manner possible.

### Agriculture

Whether Canadian farmers and processors produce mainly for export or for the domestic market, their production and investment decisions are heavily influenced by the international environment. Clear, predictable rules in the international trade environment help to reduce business risks for Canadian producers. Further growth in Canada's agriculture sector is dependent on finding new, and more diverse, export markets, not only for traditional exports of bulk commodities, but also for value-added processed products, the demand for which is growing more rapidly. Increasing the volume and value of exports will be crucial to sustained growth since Canada's domestic market is limited by a stable population and mature market.

The World Trade Organization (WTO) Agreement on Agriculture was an important outcome of the Uruguay Round of multilateral trade negotiations. The Agreement provides a framework for the long-term objective of establishing a fair and market-oriented agricultural trading system through substantial progressive reductions in support and protection. The Uruguay Round strengthened the rules governing agricultural trade, and