

WHAT EXPLAINS THE MAGNITUDE OF THIS RESULT ON INDUSTRIAL TARIFFS? FIRST, IN TERMS OF COMPREHENSIVENESS, IT IS IMPORTANT TO APPRECIATE THAT THE INDUSTRIAL TARIFF NEGOTIATIONS WERE CONDUCTED ON THE BASIS OF BROAD TARIFF CUTTING RULES, THE MAIN ELEMENT OF WHICH CAME TO BE KNOWN AS THE "SWISS FORMULA". THIS APPROACH TO TARIFF CUTTING - EVENTUALLY ENDORSED IN ONE FORM OR ANOTHER BY ALL THE MAIN INDUSTRIALIZED PARTICIPANTS - AIMED AT A WEIGHTED AVERAGE CUT OF 40 PERCENT AND INCLUDED A HARMONIZATION FACTOR WHEREBY HIGHER RATES WERE TO BE CUT BY MORE THAN LOWER ONES. CANADA AND OTHERS MADE CLEAR, HOWEVER, THAT AS PART OF THE AGREED APPROACH THERE HAD TO BE SCOPE FOR FULL OR PARTIAL EXCEPTIONS TO DEAL WITH PARTICULARLY SENSITIVE PRODUCT AREAS, ALONG WITH THE POSSIBILITY OF COUNTERBALANCING GREATER-THAN-FORMULA CUTS (INCLUDING TARIFF ELIMINATION) IN OTHER AREAS. THESE TWO ELEMENTS WERE IMPORTANT CONDITIONS FOR CANADA'S ACCEPTANCE OF THE GENERAL TARIFF CUTTING RULES. AND IT WAS THE LATTER THAT PERMITTED US TO PUSH FOR THE GREATEST NEGOTIABLE USE OF THE USA AUTHORITY WHICH PERMITTED 60 PERCENT TARIFF REDUCTIONS AND THE REMOVAL OF USA TARIFFS OF 5 PERCENT OR LESS. THE FACT THAT THE USA WAS AUTHORIZED TO CUT ITS TARIFFS SO EXTENSIVELY PERMITTED THE BARGAINING ABOUT THE AMOUNT OF TARIFF CUTTING TO CENTRE ON A MUCH HIGHER AVERAGE LEVEL THAN THE MUCH